

# Anton Sch 19 Industri, Rp 250 Propint Fx 80 Bergin Frage Fride State Room VTSD Construction Field Bill State Room VTSD Depart Dev 7, 250 Here State Room VTSD Depart Dev 7, 25

Spectre of poverty returns to haunt France, Page 3

Wiggins

considers

venture in

By Diana Smith in Liabon and

WICGINS TEAPE, the British pa-

per company, is considering a £40m

investment in a new Portuguese

pulp and paper project as part of its plan to boost its share of the fast-

growing European office paper

The investment, if concluded, would be the largest in Portugal hy a British company for more than 10 years. It would also create one of

the largest integrated pulp and pa-

per mills in Europe. Wiggins Teape, part of BAT In-dustries, said yesterday it was "dis-cussing the possibility" of taking a

large minority share in Soporcel (Sociedade Portuguesa de Celu-lose), which has just completed a

West German, French, Italian

and other producers are also well entrenched. Wiggins Teape has less

than 5 per cent of the market, in

which the main products are copy-

ing paper and continuous station-

\$310m eucalyptus pulp mill.

market.

main force,

Portugal

Andrew Fisher in London

Teape

London I

are \$200m.

# Merrill Lynch buys all of record zero-coupon bond

### GENERAL

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### BUSINESS Mubarak, Overhaul Hussein at Steyr in call to cut for unity losses

NEWS SUMMARY

President Hosni Mubarak of Egypt held talks with King Hussein of held talks with King Hussein of Jordan in what is seen as the first stage of an attempt to create a. "moderate" Arab front, which could pave the way for Middle East peace

negotiations. King Hussein said that Arab power should be used in a rational and organised way. He stressed that his recent decision to restore relations with Egypt was not designed to divide the Arab world.

He said that despite differences among Arabs, Mr Mubarak's visit demonstrated that they face a common threat and should have a common response to that threat." Details, Page 16; Reagan pledge to Israel, Page 5

### **Bolivian reshuffle**

The Bolivian Cabinet has resigned a day before President Hernan Siles Zuazo celebrates two years in power. Ministers said in a letter to the president that they resigned to give him the freedom to carry out his fourth extensive Cabinet reshuffle. Page 5

### Chileans indicted

Former Chilean Foreign Minister Gabriel Valdes, president of Chile's Christian Democrats, and seven other leading opponents of Chile's military Government have been indicted for organising protests to 76.3 from 76.4. In New York it against the rule of President Augus-to Pinochet. Page 5 to Pinochet. Page 5

### Nato 'digs in'

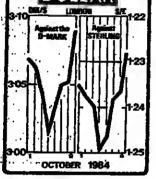
Sandbagged crash barriers went up outside Nato headquarters in Brus-sels as occurity was highbaned after a series of the wing hombings-aimed at companies making compo-nents for U.S. craiss and Persiling-2 nuclear missiles. 

Premier to resign

STEYR-Daimler-Puch, Austria's motor and engineering group, is to close three plants and step up capital spending in a major rationalise tion. Page 17

DOLLAR strengthened in London to DM 3.089 (DM 3.051), SwFr 2.543 (SwFr 2.512), FFr 9.47 (FFr 9.355) and ¥247.65 (¥246.75). On Bank of England figures, its trade-weighted index rose to 142.4 from 141.8. In New York it was DM 3.087, FFr. 9.4675, SwFr 2.5375 and Y247.40.

Page 35 DOLLAR



STERLING weakened 85 points in of state and government in Stutt- European Commission. Once ap-London to \$1.228. It was also lower at Y303.75 (Y304.75) but improved to gart in June 1983. DM 3.79 (DM 3.775), FFr 11.6175 (FFr 11.555) and SwFr 3.12 (SwFr will be formally announced at a the cash. plenary session of the parliament today by M Pierre Pfilmlin, the president, and some MEPs are ex-

GOLD fell 75 cents on the London bullion market to \$340.25. It was al-so lower in Frankfurt and Zurich at \$340.50 and \$341 respectively. In New York the Comex October settiement was \$377. Page 34 WALL STREET: closed down the Dow'Jones industrial average 2,76 at 1175.13. Section III

LONDON: gilts and equities were adversely affected by money supply data. The FT Industrial Ordinary

EXXON CORPORATION, the U.S. at 100 per cent of face value. Investors receive a large capital gain in- The U.S. bond market moved highoil major, yesterday sold the whole of Europe's higgest corporate zerocoupon bond issue to Merrill Lynch International, the U.S. securities house Maggie Urry writes from geous arrangement in tax terms.

The issue will have a redemption of inviting bids for the issue rather than going through the normal Eu-robond syndication system, hoping to get finer terms on the deal. In total 19 different firms put in 52 value of \$1.809hn when Exxon repays the bonds in November 2004, although the proceeds of the sale A zero-coupon bond pays no inhids at varying prices for the issue terest during its life, but is initially issued at a low price and redeemed which was set to produce between S150 to \$200m

Strasbourg

paves way

for British

BY QUENTIN PEEL IN STRASBOURG

566m EEC budget rebate for 1983. MEPs.

EEC farm spending this year. One final hurdle is likely to have

The hudget committee decision

pected to insist on a full vote on the

issue tomorrow. Thère now appears, however, to

cash, which is seen as something of

stead of taking interest payments - er yesterday, but prices came off in many countries a more advanta-Exxon has taken the unusual step inviting hide for the inviting hi

> Merrill Lynch's bid was priced to give a yield to maturity of 11.64 per cent a year. There were other bids lower than that, but not for the whole issue.

**UK money** 

supply rise

dampens

rate hopes

By Philip Stephens in London

through a co-management group including some of the unsuccessful hidders. However, the market is already overloaded with zero coupon paper and Merrill Lynch could face

problems in finding buyers quickly for the full amount. The issue follows recent zero-coupon issues in the Eurobond market designed to take advantage of the lower yields available there. The borrower can use the proceeds to huy U.S. Treasury bonds, converted

Merrill Lynch will now try to sell into zero-coupon form, and so take the bonds on at a profit, probably the different between the yields - at presence close to 1 percentage point - as a profit

D 8523 B

One probable source of demand for the Exxon bonds is from Japanese investors, and some Japanese firms were thought to have put in "kamikaze bids" for part of the issue. Japanese investors, however, are only allowed to buy 30 per cent of a zero-coupon issue for the first

six months of its life.

Capital markets, Page 36

**Tory ministers** assure miners on coal's future

BY PETER RIDDELL, POLITICAL EDITOR, IN BRIGHTON MR PETER WALKER, Britain's

Energy Secretary, and other Government ministers yesterday made a concerted effort to reassure the contry's coal miners about the future of the industry.

They also strongly condemned Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), as the latest round of peace

Selwyn Gummer, party chairman, attacked the Labour Party, for al-

manoeuvre if the dispute continnes.

Mr Brittan also announced a series of measures to help to deal with the results of the violence, including further support for effective police authorities, the appointment of extra magistrates and safeguards on the freedom of action of chief

constables.

One member of the National Union of Mineworkers' national executive resigned to dissociate himself from any move by the union to "float the law." The threat of a strike by pit deputies receded, meanwhile, as the NUM and National Coal Board prepared for tomorrow's talks.

er's wife from Kent were loudly cheered after recounting the prob-

ment's approach.

lence."

Page 11 the office market, said Mr Martyn Grose, chief executive of its overseas operations. This market accounts for 4m

tonnes of paper and \$3bn (£2.4hn) annually in sales, including high-quality printing papers. Swedish and Finnish producers, currently expanding their operations, are the The Energy Secretary's main theme was of reassurance to both

the reasonableness of the Govern-He rejected suggestions to allow unlimited import of cheap coal since it would undermine our industry and could close all of our pits. Then we would become very

ery for computers and word proces-Mr Grose said the market for office paper products was growing at between 4 and 8 per cent a year against little over 2 per cent for the overall paper market.

The 1.2m tonnes of eucalyptus wood which will be used by the Soporcel mill at Figueira da Foz in northern Portugal represent a much faster growing and thus cheaper raw material than the future of better pits, better machinpanding future in which, as the inpines in northern European mills, dustry becomes more profitable and he said. The British company hopes to conclude its talks for an equity prosperous, your pay packets will reflect that new prosperity." The Government does, however, face a dilemma in promising to help stake in Soporcel, currently owned by state financial institutions by working miners because hopes of the year-end. starting to pay them the promised wage rise have run against the At the time, about \$31m worth of British equipment had been delivworking miners' desire to adhere to ered for the project.

THE PROSPECT of a cut this week budget rebate in Britain's base lending rates re-ceded yesterday with the announcement of an unexpected surge in the UK money supply in September. Authorities, however, remain convinced that underlying mone-tary conditions in Britain point to THE EUROPEAN Parliament's real possibility that the 1985 budget lower interest rates, although they acknowledge that the timing of a budget committee yesterday ap- might be rejected outright - the proved payment to Britain of its most drastic power available to the cut might depend on developments The decision was made by the European MPs after last week's the European Community would in the miners' strike. The Bank of England said yesterday that sterling M3, the most closely watched measure of the agreements by the British Govern- have to survive on a monthly inment to support extra financing for come in 1985 of a twelfth of the

money supply, grew by between 1% and 1% per cent in the month to mid-September. present year's budget, until a new to be cleared before parliament ap-proves the release of the money - er to block Britain's rebate because

The increase brought its annual growth rate since February up to 10 per cent, at the top of the target range set by the British Government

sion will be empowered to transfer The announcement took financial markets by surprise, and gilt prices The money was originally blocked because parliament was defell by as much as a point as money manding long-term reforms of EEC market interest rates edged higher. There were some doubts, howfinances, held up by Britain's insisever, over how accurately the Septence on agreement on its budget rebate. That was reached at the tember figures reflected the under lying trend in the money supply.

be a clear majority in the parlia- Fontainebleau summit last June, ment, in favour of unblocking the In July, however, in spite of the In July, however, in spite of the That, combined with hopes that the outturn for October would be budget committee voting to approve very much better, persuaded many brokers that a cut in base rates had an embarrassing leftover from past the transfer, it was overruled by a disputes. The budget committee it full session of parliament, which self voted by 21 votes to four in fe- then linked the rebate to agreement been deferred rather than ruled vour of the release, with only three on a supplementary budget for French Gaullists and one Commun- 1984.

The strong growth in sterling M3 ist opposing it. Max Wilkinson writes from Lon-The approval was given in spite don: The British Treasury is waits of MEPs' grave doubts about the ing anxiously to see whether the re-lending to the private sector. in September was partly due to a sharp rise of £1.5hn in the banks'

talks began in an effort to end the 30-week-old strike. The opening day of the ruling Conservative Party's conference in Brighton was dominated hy a series of debates and speeches on the coal

lispute and the assocated violence. Mr Walker, with Mr Leon Brittan, Home Secretary, and Mr John

leged equivocation over violence, and Mr Scargill in some of the strongest language used in the disoute\_

They were careful to halance their attacks, however, with conciliatory phrases about the dispute. Their clear intention was not to undermine the current talks and to reserve the Government's freedom of

high investment in your industry:

The mill has a planned annual capacity of 280,000 tonnes, of which the UK company would aim to use about a third in the machinery which its investment would finance at the site, Wiggins Teape, which accounts for about a third of European sales of carbonless copying papers, also sees strong prospects in the rest of

lems they faced. Mr Walker was loudly applaude

when he repeatedly attacked Mr Scargill as a "Stalinist-Marxist",

striking and working miners about

dependent upon that imported cheap coal and when we did so it would no longer be cheap." Mr Walker promised working miners that This Government will

never let you down. We will not hand the country over to mob vio-To all miners, he said that the Government promised "A future better than the past; a future of

Ontario's Premier William Davis, 55, is to resign after holding office for 13 years. He said he wanted to spend more time with his family.

### Hot line

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Honduran security forces detained 21 people, including three senior telephone company advisers, after the air force headquarters had been tapped for the past month,

#### Andreotti debate

A full-scale parliamentary debate on the foreign policy pursued by Giulio Andreotti, the Italian Foreign Minister, looks set to be held. Page 2

#### Murder protest

Italy has protested to Mozambique Kansas-based independent telephone group, lifted third-quarter over the murder by rebels of two Italian technicians who repaired earnings from \$65.55m or 62 cents a share to \$71.28m or 78 cents a share sabotaged power lines. during the third quarter.

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CONTENTS ----

#### Air space 'violated'

Greek aircraft had to make 96 sorties to guide back on course Tuckish and U.S. jets taking part in a Nato exercise in the Aegean. Deputy Defence Minister Antonios Drosoyiannis claimed fhere were repeated violations of Greek national air ice and international space under Greek supervision.

#### Secrets trial

British civil servant Clive Ponting, accused of leaking government doc-uments about the sinking of the Argentine cruiser General Belgrano, was sent for trial charged with an offence under the Official Secrets Act. Page 10.

#### **Everest deaths**

Two Australian climbers died on Mount Everest, bringing to three the toll on a Himalayan expedition. led by the son of Sir Edmund Hillary, first man to reach the peak.

Europe ..... 2,3

Companies ..... 17, 18

Companies ..... 20

World Trade ..... 6

index eased 0.4 to 868.2. Section III TOKYO stocks were dull, taking 8.22 off the Nikkei-Dow market average at 10,668.71. Section III WEST GERMAN Finance Ministry

is preparing legislation enabling the flotation of venture capital companies. Page 16 discovering all telephone, lines at SUEZ CANAL tolls are to rise by 3.5

per cent from January. **OLIVETTI**, Italian data processing

equipment maker, in which American Telephone and Telegraph has a 25 per cent stake, is to pay at least \$10m to its U.S. associate, Docutel, as compensation for its loss to AT&T of the handling of some of Olivetti's U.S. sales.

### UNITED Telecommunications, the

L'OREAL the French cosmetics group increased interim earnings from FFr 314m (\$33.7m) to FFr such a trust. Mr Boesky has used Cambrian

. ... AVESTA, stainless steel maker be special situation stocks - typically longing to the Swedish Johnson companies either believed or Group, agreed to sell most of its hyknown to be takeover targets. Among recent stocks in which Camdropower assets for nearly SKi 700m (\$81.2m). Page 18 brian has invested are Northwest

CBS, U.S. entertainment and com Group munications company, lifted third quarter net earnings 46 per cent to \$48.8m, leaving the nine-month figure 60 per cent ahead at \$176.3m. Page 17 WESTINGHOUSE Electric boosted

#### third-quarter profits to \$130.6m from \$115.5m on sales of \$2.54bn (against \$2.28bn)."

362m.

KAISER Aluminum doubled its third-ouarter loss to \$73.2m from \$36.8m on revenues of \$840m (\$655m) reflecting provision for future asset disposals.

hudget proposals made by EEC for- bate will be paid in time to be ineign ministers in Luxembourg last cluded in the national accounts for week, when they approved a sup-plementary budget for 1984 of Ecu mid-October. 1bn (\$735m), and a full 1985 budget The rebate would have a substan-

of some Ecu 25.9bn, leaving a sub- tial effect in lowering the publicstantial budget deficit still to be fitsector borrowing requirement for nanced. Members of the hudget committhe money-supply figures and the

hudget had been approved.

proval has been given, the Commis

originally authorised by EEC heads the money is held in reserve by the

tee warned last night that the parl- prospects of an early cut in interest iament is heading for renewed conrates. frontation with the ten member The relaunch that never

states over their proposals, with a happened, Page 14

# **Boesky's UK trust** plans rights issue

### BY ALEXANDER NICOLL IN LONDON

CAMBRIAN & General Securities, nary shares to capital shares, which the fast growing British-based in-stand to receive a greater return a vestment trust chaired by U.S. ar-bitrageur Mr Ivan Boesky, yester-capital shares are tightly held hy day announced a £19.8m (\$24.5m) Mr Boesky's interests, and ordinary rights issue - en unusual step for shareholders will now get a chance to receive them.

Terms of the issue are eight ordisince 1982 as one of the vehicles for nary and one capital share for evhis frequent investments in U.S. ery 20 ordinary shares, and two capital shares for every 11 capital shares. The larger proportionate in-crease of ordinary shares has prompted Cambrian to raise the minimum amount to which ordi-Energy, St Regis and Continental nary shares will be entitled in a han idation to 80p from 18p. The rights issue is designed to en-

Mr Boesky and his family control just under 30 per cent of the votes able further growth for the trust, which will have net assets of £83m in Cambrian, and are putting up if it is completed, compared with only £8m when Mr Boesky took an £5.5m for their full entitlement. London and Manchester Group, interest. Cambrian also disclosed that it which takes a strong interest in the investment trust sector, is putting was negotiating two Eurodollar is- up £2.2m as a substantial minority sues totalling \$110m, putting the shareholder.

trusta borrowings at twice the total of share capital and reserves - a growth under Mr Boesky's chairhigh gearing by the standards of UK investment trusts.

**Continued on Page 16** Lex, Page 16; Men and Matters,

One of the effects of the rights is-Page 14

The authorities, however, believe they may have been artificially inflated by a discrepancy in the item measuring interhank transactions,

and to a lesser extent by "roundtripping" by conimercial companies. An unwinding of those items, which might have accounted for as much as £500m (\$618m) of the in-crease, would reduce upward pressure on the money supply over com-

ing months. The pace of government borrowing is also expected to slow sharply in the second half of the current 1984-85 financial year, while sales of gilts, which depress the money

supply, have been buoyant. The official view, therefore, is that the monetary outlook if considered alone would point to base rates at least 1 percentage point lower than the present level of 10% per cent

That analysis is supported by the rate of growth in Mo, the narrow measure of the money supply, which, the authorities believe, has particular relevance for short-term interest rates.

Although Mo increased hy I per cent in September, its annual growth rate since February is only 5% per cent, below the middle of its 4 to 8 per cent target range.

With UK unemployment still rising and the economic recovery showing signs of running out of steam, the Government is clearly concerned that rates should fall as soon as possible.

However, the authorities are anxious not to force an early cut on fi-nancial markets while the miners' strike poses a threat to market confidence and leaves sterling open to speculative attacks.

The progress of talks on Thurs-day aimed at settling the mining dispute might thus be crucial to the

prospect for lower rates. The Government will also be monitoring closely developments in U.S. interest rates

Lex, Page 16; money markets, Page 35

The debates on energy and on future of better pits, better machin-law and order in Brighton saw a. ery and better conditions. An exstrong reaction to the Labour Conference in Blackpool last week, when police behaviour in the dispute was attacked.

Several Conservative representatives talked of "fascism" and urged stronger punishment, although there was the unusual sight of a Conservative Home Secretary, normally a target of rank-and-file criticism, being given a standing ova-tion. Later, a working miner from

the union rule book. Staffordshire and a working min-**Conference report**, Page 11

International Paper results, Page 17



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# EEC finances: the relaunch Alcan: lining up industry

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**EUROPEAN NEWS** 

# Foreign policy provides rod to beat Andreotti

BY JAMES BUXTON IN ROME

2

A FULL SCALE parliamentary debate on the foreign policy pursued by Sig Gulio Andreotti, Italy's Foreign Minister, looks fiuries in Italian domestic certain to be arranged shortly. politics and occasional ruffled The call for the debate, from feathers among the country's certain to be arranged shortly. The call for the debate, from two of the smaller parties in the allies. five-party coalition of Sig Bettino Craxi, followed a par-liamentary motion last week calling for Sig Andreotti's resig-

The motion was deleated, but enemies in a political caller in the lower powers. many MPs from the coalition which began in the 1940s. parties voted egainst the Most people think he has Doen an effective Foreign Minis-christian Democrat minister. Sig Andreotti has been a fairly ter since 1983, as one might controversial minister. His expect from a former Prime and remarks last month about the Defence Minister. Italy'a allies undesirability of German unity have regarded any mishaps as and far more excited by Third

the most serious-of a number substance. He has continued the policies of rows which bave caused under which Italy has shown a higher profile than in the past. It was among the first Nato countries to accept cruise mis-

But no one believes that a siles, and sent its forces to perform parce-keeping duties in the Middle East. Italy has also fostered its commercial public examination of Sig Andreotti's handling of foreign liamentary motion last week Andreotti's handling of foreign in the Middle East, italy has calling for Sig Andreotti's resignation over his alleged connection with the convicted swindler assailing this influential, interests in developing astute and nimhle politician, countries in a way that who has accumulated many mPs from the coalition which began in the 1940s. Most people think he has Under Sig Andreotti the been an effective Foreign Minis- eccent has changed but the termines of ince 1983 as one might here here a formation with the construction with the convicted swindler astute and nimhle politician, countries in a way that who has accumulated many emphasises that it is different which began in the 1940s. Most people think he has Under Sig Andreotti the been an effective Foreign Minis- eccent has changed but the interests in developing countries in a way that emphasises that it is different

triggered the latest-but by far more matters of show than of World countries, many of which self as a possible mediator the most serious-of a number substance. be bas visited. between East and West

be bas visited. While remaining faithful to But no one really knows, and Nato policies towards the Soviet despite his reputation as " the Nato policies towards the soviet despite his reputation as the Union he has often taken an man who never makes a mis-independent line on details, take "he may simply have mis-Last November he hroke the spoken. Another cruder expla-Nato boycott of the Red oation is that this and other Square ceremonies com- actions were aimed at retain-Square ceremonies com-memorating the Russian revo-lution by sending the Italian for his domestic political ambi-ambassador, a move which dis-quieted tha U.S. and provoked have now called for his resigna-tion protests in Italy. His remarks last month about

What is certain is that the the division of Germany brought him praise from the Soviet Union and other East bloc countries-leading aome furore over Sig Andreotti threatens to make life very Soviet Union and other East difficult for Sig Craxi over the bloc countries-leading some next few weeks. The alliance people to think that he wished between the two men is one of to ingratiate himself with the the foundations of the Russians so as to present him- government.

### Portuguese 'people's bank' called to account

By Diana Smith in Lisbon

THE ARREST of Dona Maria The Anticest of Dona maria Branca dos Santos, Portugal's 73-year-old "people's banker" has spread dismay among thousands of smail savers. The fate of as much as f4m is now in doubt.

After days of intense police questioning, Dona Branca the chubby, white-haired self-styled benefactress of the people, was charged with fraud and criminal association and remanded without bail.

Earlier this year, thousands of workers, students, business-inen, bureaucrats and wealthy women had queued for hours to deposit their money with has so to collect a monthly to deposit merr money win her so as to collect a monthly interest of 10 per cent, copious compared with commercial hank rates of about 30 per

tent a year. Few depositors asked them-selves how an elderly woman with no proper installations or accounting equipment could pay such unusual interest rates

rates. Many of them were driven by Portugal's economic crisis to seek a financial miracle; and some handed her their life savings. By late spring, an estimated Esc 30m-40m (£150,000-£200,000) a day was being processed haphazardly by dozens of Dona Branca offices constantly onening and offices constantly opening and shutting in Lisbon and the Dravinces

#### Dazzling display

The authorities, agahast at this dazzling display of the parcellel economy at work, decided to probe Dona Branca's ways, means and as-sociates, letting it be known that a list of depositors had been drawn up by the police.

The resultant publicity The resultant publicity worried some clients who pre-ferred anonymity, and a wave of withdrawals began in early summer. When the Bank of Portugal invited Dona Branca to account for her activities, the was reported to have spent most of the interview in

By July, the organisation shut down "for holidays and reorganisation" promising to reopen in early September. Allegedly some of Dona Branca's associates precipi-tated ber decline by creaming off funds and sharp practi-tioners forged her signature on "receipts" for money they had not deposited and on which they claimed interest payments. payments.

Communists draw up battle lines against Spain's social pact

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Financial Times Wednesday October 10 1984

THE VETERAN Communist sorted to "anti-Communist leader of Spain's Comisiones calumnles." Obreras trade union was not present at the Prime Minister's These vitriolic exchanges bave pinpointed just how vexing the question of dismissals is in Spain, and, by extension, how far the social and economic pact has broken new ground. The Moncloa Palace yesterday for the much-heralded signing of tha so-called social and econothe much-heralded signing of the much-heralded social and econo-mic pact. His absence, however, made him just about as con-splcuous as Banquo's ghost. Sr Marcelino Camacho, the Communist Party and the Comisiones Obreras have vowed to hannt Prima Minister Felipe Gonzalez the Socialist Govern-ment and the Socialist Govern-guests." The surrender in question involves signing an agreement with the employers' are satisfied that grancho and his party and mino colleagues have sting the Prime Minister into effectively calling his critics liars. In a lengthy personal tele-gramme to the Comisiones Obreras leader, released yester-day, Sr Gonzalez fatly denied that the agreement enshrinea the possibility of instant dismissals, and, in a clearly angered and injured tone, Informed Sr Camacho: "You know perfective well I would never consent (to such an agreement) either as ina so-called social and econo-mic pact. His absence, however, made him just about as con-spicuous as Banquo's ghost. Sr Marcelino Camacho, the Communist Party and the Communist Obreras have vowed to hannt Prima Minister Felipe Competer the Sociality Control

well I would never consent (to such an agreement) either as a former labour lawyer or as can make it very costly, par-ticularly for small companies. head of the Government." itcularly for small companies. He accused Sr Camacho of An adaptation to EEC rulings attempting to manipulate public opinion at the behest of the

would reduce the recourse to the courts and allow direct negotiations between the employer and Communist party, which was seeking to discredit the agree-ment in order to make political capital.

the union representatives. Sr Camacho, the Comisiones Obreras and Communist party Sr-Camacho hit back saying have announced total opposition that the Prime Minister had to the pact and are preparing "lost his nerve" and had re- demonstrations against it.

labour courts in order to dismiss

an employee. The delay involved

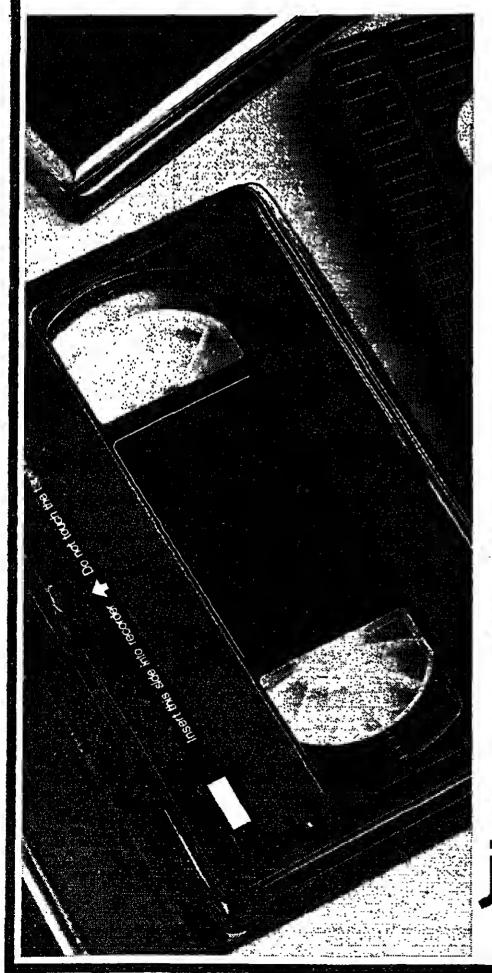
Greece and Turkey argue over Nato manoeuvres

### BY ANDRIANA JERODIACONOU IN ATHENS

AN IMPORTANT north-south terday kicked the ball back air corridor over the Aegean into the Turkish court yester-remained closed to civilian traf- day, when accused Ankara of fic for a second day yesterday having tried to overstep the as Athens and Ankara argued boundaries set by Nato for the about the fechnical arrange- exercise by seeking to operate ments of a Nato air defence exectse in the region. Greece, which has boycotted

further into Greek-controlled air space than had been agreed. Travel offices in Athen the exercise because of its dis-pute in the Acgean with Tur-key, closed the corridor on Monmeanwhile, reported yesterday that trans-Aegean civilian Civilian flights were operating normally. The air corridor was scheduled day. It claimed that Turkish fighters taking part in the exerto reopen at sunset vesterday cise had endangered civilian at the end of the manoeuvres, aircraft. Turkey responded by

# **IF YOU THINK JOHN BROWN BUILD SHIPS** IT'S TIME WE PUT YOU IN THE PICTURE.



For a start, we haven't built a ship for 17 years, But we have moved into other areas, plastics processing equipment being one of them, and in so doing moulded a new future for ourselves.

# Italian daily aims to rekindle an old flame

BY ALAN FRIEDMAN IN MILAN

both wanted to take control of the Corriere. They will be upset that the bourgeoisie of the North has stood up for some-

### "THE CORRIERE wil be saved financial muscle to take on the and this deal will go through. rescheduling of hundreds of All of the right people in the billions of lire of dabt, including Government end the banks have an immediete L60bn (£25.75m) capitsl injection. said yes. Even the pollticians can't stop it now." A proven management record.

So said one of Italy'a leading industrialists a few days before Industrialists a tew days bearter the sale of the Rizzoli publisb-ing group, which includes the Corriere della Sera, Italy's leading newspaper, to a northern Italian consortium of private husinessmen. The sale was a political breakthrough after two of court-appointed years receivership.

Over the last decade the Milan-based newspaper had fallen npon bard times. It was controlled for years by the dark an independent and authorita- sense of public morality. of the company who was tive journel, a suitable buyer Others were not pleased. arrested on fmand charges, who was needed, who lived up to "The political classes in Rome owned 40 per cent, Sig Bruno three crietria: are not happy with us," com-Tassan Din, an ex-Rizzoli The need for sufficient meoted one member of the executive also under arrest,

<u>د.</u>

 And most importantly, a willingness to guarantee edithing." Even as it became clear thet Rizzoli-Corniere would be sold torial freedom CORRIERE DELLA SERA

Because the Corriere is a to the politically Centrist symbol of democracy in e private consortium, last minute country where byzantine politi- offers cama flooding through.

controlled for years by the dark appearance of the Gemina con-forces of the P-2 Freemasons' sortium-composed of Fiat, Giovanni Bazoli, chairman of he spent all of September lodge and the lata Sig Roberto Pirelli, the Bonoml family's Nuovo Banco Ambrosiano working out the Rizzoli deal. Calvi, chairman of the failed Invest Group, the Mediohanca (NBA), the bank which has He even resided from the Banco Ambrosiano group which banking group, plus Montedison sold the rights to lts 40 per board of Mittel, a Breastian had become a major Rizzoli and some entrepreneurs from cant of Rizzoli to Gemina. NBA company which will have a shareholder. To allow it to the Brescia-came as a relief sold its shares along with Sig stake in Rizzoli. Under the plan, return to its former status as to those Italian feaders with a Angelo Rizzoli, the exchairman he says Gemina will have 50

them all literally, whether they meant it or not." Sig Bazeli, who has chaired the reconstituted Ambrosiano country where byzantine politi- offers cama flooding through. Sig Bazell, who has chaired "horizontal." "My foreign oal forces tend to intrude, the The politics surrounding the the reconstituted Ambrosiano editor and financial editor and appearance of the Gemina con- deal do not appeal to Sig group since August 1982, says the others have more autonomy sortium—composed of Fiat, Giovanni Bazeli, chairman of he spent all of September now," he said. Pirelli, the Bonomi family's Nuovo Banco Ambrosiano working out the Rizzeli deal. Will Dr Ostellino he free to Invest Group, the Mediohanca (NBA), the bank which has He even resigned from the follow his liberal instincts? and some chirepreneurs from cent of Rizzeli to Gemina. NBA company which will have a ances from the new owners.

per cent, Montedison's Meta group 25 per cent and the remainder divided between Mittel and a steel entrepreneur.

Gendua group. "The Socialists who owned 10.2 per cent and quarters of the Corriere, the and the Christian Democrats the Rothschild group which talk is of growth, innovation and above all, editorial freedom. Dr

"This is a very important publishing house, also in political terms." Sig Bazoli said. "It is natural that politicians paper to be "free, totally independent, non-ideological bave felt the temptation to gain control of the Corriere. I talked and with an empirical approach to problems.". Some may regard this as rather ambitious, hat Dr Ostellino, who was appointed with everyone, but all the politicians knew they couldn't really pressure me." The Nuovo Ambrosiano chairthree months ago, claims that

man says the politicians agreed he is "not alraid of anyone." that tha only correct solution He has reorganised the news would be one involving private paper on an American model, industrialists. He adds: "I took changing the editorial staff paper on an American model, changing the editorial staff structure from pyramidal and hierarchical to what he calls "horizontal." "My foreign editor and financial editor and

Piero Ostellino, the newspaper's editor, says he wants his news-

Will this mean the editor will never be subjected to attempts et interference? In the heck-scratching world of Italian journalism, Dr Ostellino's deter-mination is almost certain to be

At the Via Solferino head- tested sooner or later.

Depositors became fright-ened about the destination of their savings when the

Take video tapes.

They are a typical end product of the extrusion coating process.

As are photographic film, medical packaging and the multilayer laminated packaging used in the manufacture of long-life milk cartons.

We produce the extrusion machinery.

We've also developed advanced thermo-forming equipment which produces the foam packaging for the fast foods industry.

And when you consider, too, that we are major suppliers of injection moulding machinery worldwide, it soon becomes obvious how important a role we are playing in the plastics industry.

But we are not only involved in plastic manufacturing equipment.

We are also world leaders in polymer plant construction, having undertaken over 100 major projects worldwide.

And many of the plants built by us have been the first of their kind, requiring extensive engineering innovation.

And we are certainly innovative.

From power generation to oil platform design. And from power engineering to bio-technology, we are diverse in our expertise, and international in our scope of operations.

And we are determined to consistently raise our level of engineering excellence.



Their worries ielayed. increased by reports that the old lady was trying to sell property and jewellery to raise enough capital to pay some of the interest she owed.

to pass on its Advisory Notice to Airmen (Notam) giving full details of the exercise flight olans Mr Viannis Kapsis, the Greek

Assistant Foreign Minister, yes-

#### **Redemption Notice**

### National and Grindlays Bank Limited 7%% Capital Bonds 1987

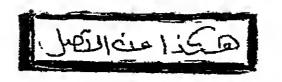
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated November 29, 1972 under which the above-designated Bonds are issued, \$718,000 aggregate principal amount of such Bonds of the following distinctive numbers has been drawn for the annual redemption instalment on November 15, 1984 (herein sometimes referred to as the annual redemption date):

							1,000 CC	UPON	BONDS							·
246	4276	8346		1113		20424	11878	13691	17402	- 28459	23491	25416	26400	28247	-29162	
51	4406	-5358	6105	7786	9784	10432	11862	13657	17654	22303	23495	25446	26430	38251	29153	. '
2174	4414	5365	6116	7007	9801	10435	11885	13660	17750	22384	23504	25482	36733	20264	_ 19176	
15.4	4423	5366	6118	7897	9802	70492	11906	13002	18593	22569	23515	25466	26746	20272	20205	•
1704	4515		6121	7909	9803	10519	11919	19515	18612	22416	23514	25473	35776	28276	89203	
		5395	6130	7948	9804	10523	11925	13700	28724	22428	23555	25680	26888	20381	29205	*
3712	4565	5441	6148	7950	9605	10524	1 1955	13716	18736	23456	- 22607	25504	26883	. 28282	29295	
1713	4589	5467	6276	7951	9663	10546	12025	18743	18746	23466	23616	205/25	27268	26264	29307	1
1722	4600	5468	6355	8049	2075	10550	12048	18746	18756	22488	23677	25527	27260	20205	20306	_
1773	4606	6482	0420	8059	9651	10597	12069	13749	18771	22494	29678	26590	27261	25807	20010	
1726	4615	5485	6434	6149	9690	10618	12091	13-50	187.2	23496	22668	25537	25284	26327	-\$9318	1
1899	4616	5499	6440	8160	9891	10620	12141	13779	18790	23547	22780	23588	27265	25698	29922	
7908	4634	6509	6465	8195	9928	10629	12465	13786	18796	32550	23722	25630	27300	29693	19332	
7901	4609	6611	6476	8171	9964	10658	12501	13792	16796	22549	23732	26548	27830	20093	29536	•
1903	4073	5563	6495	8179	9957	10704	12504	13796	18904	22979	28752	25552	27341	26700	29329	•
2936	4711	6586	\$521	8180	9071	10718	19516	13822	15032	33554	23757	25556	27365	26726	SOSAT	
1976	4716	5630	6531	6192	8977	10744	12611	13625	16942	23006	23763	· 25560	27309	20738	29373	
1962	4718	8635	. 6607	6209	9996	10937	12415	12065	19365	22672	23868	25623	27370	28750	29393	
1993	4805	5439	6615	8244	9999	10947	12736	13574	19389	22700	23915	25719	27397	28765	29432	
2003	4831	5657	6622	8250	10004	10949	12730	13885	19476	22706	23020	25733	27407	35756	29468	
2299	4545	5455	6631	6252	10018	11045	12734	13656	19523	22720	94163	25782	27408	28802	29690	
2360	4656	5674	8545	8264	10034	11067	12767	13986	19538	22747	34200	25792	27419	25016	29637	-
2458	4908	5713	0581	8096	10044	11070	12832	13990	20132	22766	24231	25794	27422	28637	20545	
2473	4917	5720	6710	8202	10046	11166	12835	24013	20133	22967	94943	25830	27461	28660	29570	
2557	4940	6727	0720	8529	10060	11211	12901	14045	20362	22968	2475.3	26833	27485	28903	22008	
2558	4943	120	6729	8339	10092	11232	12907	14046	20373	22391	24253	25537	27492	25905	29607	
2664	4943	5745	0735	8406	10095	11274	12906	14111	20402	23012	24/261	25838	27504	28927	29614	
2571	5684	5746	7290	8496	10106	11247	7:2909	14125	20406	23014	24288	25860	275.22	28981	29612	
2512	5043	\$830	7306	861 <b>8</b>	10106	11360	19845	14172	20425	23017	25053	25862	27506	22035	29626	
262.1	50.53	5849	7344	8525	10195	11361	12968	14178	30425	23022	25068	25667	27560	85937	29656	
2535	5062	5851	1291	8580	10214	11362	12974	14211	20474	25027	26068	95872	27648	28040	29805	
2645	5063	5870	7394	6240	20245	77398	13005	14228	\$9477	23032	25105	264512	27578	20040	29727	
3112	5091	5612	1573	9241	10250	11400	13064	14235	20538	23043	25126	26004	27591	26978	29742	
8114	5125	5875	7560	\$250	20253	11410	13078	14242	20793	23119	25160	25820	27566	25070	29745	
3316	6135	5685	7599	9297	10256	11444	15104	14293	20846	25121	25163	25941	27601	29983	29755	
\$317	5149	5940	7600	9316	10395	11445	13116	14301	21987	23166	25170	25948	27605	20000	29818	
3415	5156	5069	7630	9317	10322	11490	13140	14325	22001	23173	25172	25862	27009	29002	29819	
3416	6164	5962	7051	9036	10230	11640	13214	14226	22011	23175	25179	25070	27748	29019	200441	
3595	5169	5090	7672	9658	10350	11630	13218	14341	22076	22350	25317	20037	277.6	29030	29064	
3791	5196	0048	7091	8674	10854	11631	Real Contract	14351	22031	23261	25325	25042	27786	29033	22960	
3795	5201	6055	7704	2005	10365	11752	13332	17317	22061	22358	25339	26313	27784	29037	20096	
3615	1007	6056	7759	9703	10370	11733	13516	17322	32109	2010	25341	26408	27800	29049	39997	
3.000	5369	5057	7750	9730	20372	11755	13622	17379	22305	23454	25351	25411	27870	29075	FORDE	
3890	5273	6077	7767	9741	10387	11739	1.4629	17388	22306	23458	25 3 5 5	36499	27579	29060	Constraint of the	
3.05	5342	0097	1773	2774	10300	11749	13500	17394	22329	211490	25416	25457	25230	29090		

Payment of the redemption price of the Bonds specified above will be made on the annual redemption date at the redemption price of 100 percent of the principal amount thereof, (a) at the IBG Securities Processing Department of Citibank, N.A. (formerly First National City Bank). the Principal Paying Agent under the Trust Deed referred to above, No. 111 Wall Street, in the Borough of Manhattan. The City of New York or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London, Paris, Brussels, and Citibank (Luxembourg) S.A. in Luxembourg, and the principal offices of Lloyds Bank International Limited (formerly Lloyds & Bolsa International Bank Limited) in Amsterdam, Lloyds Bank International (Belgium) S.A. (formerly Lloyds Bank (Belgium) S.A.) in Brussels, Used Bank International (Belgium) S.A. (formerly Lloyds Bank (Belgium) S.A.) in Brussels, Lloyds Bank Limited in London and Lloyds Bank International (France) Limited (formerly Lloyds Bank Europe Limited) in Paris. Payments at the offices referred to in (b) above will be made by a Hank hurope Limited) in Paris. Payments at the offices referred to in (b) above will be made by a United States dollar check drawo on a bank in New York City, or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on November 15, 1984. On and after the annual redemption date, interest on the said Bonds will cease to accrue, and, upon presentation and surrender of such Bonds with all coupons appertaining thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Principal Paying Agent. The amoust of any missing annatured coupons will be deducted from the sum due for payment. Coupons due November 15, 1984 should be detached and presented for payment in the usual manner.

GRINDLAYS BANK p.Lc. (formerty NATIONAL AND GRINDLAYS BANK LIMITED) By CITIBANK, N.A. as Principal Paying Agent

October 10: 1984



### **EUROPEAN NEWS**

## Spectre of poverty returns to haunt Socialist France

hungry in the large cities are large towns, an organisation increasing sharply. embracing every political party,

A CARLENS OF THE STREET

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France, those out of work re-ship. The issue was also dis-ceive soughly 70 per cent of cussed yesterday by M Laurent their salary in their first year Fabius, the Prime Minister, and of unemployment; thereafter Abbe Pierre, one of the leaders they receive a meagre FFr 40 of the Catholic charity organisa-(£3.47) a day. But the new tions. The government is noor also include norms apple unmain the representation will (£3,47) a day. But the new tions. The government is poor also include young people worried that the opposition will

FRANCE, WHICH enjoyed a without a job, immigrants, and seek political capital in the period of considerable pros-single mothers who find it in-penity in the 1950s and 1960s, creasingly hard to live on has been joked by the revela-tion. that the homeless and The Association of Mayors of involved vary widely. M Jacques

Chirac, the Mayor of Paris and head of the neo-Gaullis1 RPR The "new poor," as they are yesterday called for urgent party, yesterday claimed that being called, come largely from relief measures before the some 600.000 unemployed were the long-term unemployed. In winter brought further hard no ionger entitled in full unemployment beoefit aod that their numbers were growing by

Spanish fish

compromise

thrown out

COMPROMISE proposals on the terms to be affered to

By Ivo Dawnay in Brussels

sinn target date.

bership negotiations.

henefits for the long-term unmeals has riseo 97 per cent in employed. M Chirac also said that they were now worse off the past two years to FFT 176,000 (£15,300).

their families. The city of Paris has had to increase its "poverty" budget for the homeless or unemployed from FFr 12.7m (£1.1m) in 1981 to the city of Paris has had to increase its "poverty" budget for the homeless or unemployed from FFr 12.7m (£1.1m) in 1981 to the city of Paris has had to increase its "poverty" budget increasing. The maynes yesterday called for urgent measures, including

for urgent measures, including help with housing, relief from to FFr 30.8m (£2.7m) this year. 100,000 a month. Their financial position has its emergency assistance funds bills, interest-free loans and tem-been made worse by the bave risen by 75 per cent in porary boosts to income. Government's decision io 1982 four years. Besancon claims that The Government's view is

to end further supplementary the amount it speeds on free that urhan poverty is not a new

phenomenon and that it is worse

in Britain than In France. M Lionel Jospin, Secretary of that they were now worse off because they had exhausted other means of support such as personal savings or help from their families. The city of Paris has had to increase its "poverty" budget for the bomeless or unemplayed poverty in Britain and the U.S.,

he declared. • M Laurent Fabius (right):

discussions with Catholic charity Roman leader.



### **E.** German demand on fugitives

-3

THE RULING East German politburo met yesterday to decide what to do about the nearly 140 East Germans in the West German embassy in Prague in a bid to get to the Wesi.

Herr Wolfgang Vogel, the East Berlin lawyer negotiating with Bonn nn the case, said he was hopeful of a solution. As ils price for releasing

those in the embassy, afficials in Berlin say East eGrmany has called on Bonn to rebuild the visitors' section of all its East European embassies so that East eGrmans coming for advice cannot find refuge. This was the condition East

Germany set in June when more than 50 East Germans in (as if is known) has crept more than 50 East Germans in ahead of the motor car in national affections. The Government is atready under fire from the opposition for putting off from 1985 to 1989 the compulsory introduc-tion of catalytic converters on car exhausts. Some officials now believe that the Govern-tion to the main building.

the main building. East Germany wants Bonn to take this step because it be-lieves it whold be mnre effec-tive than any moves it could make itself. Herr Honecker dnes nut wiah to curb his citi-zens' visa-free travel in Czecho-slovakia But Wasters officials cay that

But Western officials say that determined East German will continue to find ways to enter West German embassies. In the end they fear, Bonn will no Imnger be able to convince East Berlin to allow them nut to the West and the East Germans will have to be forcibly removed by embassy staff.

Solidarity sued

The Polish authorities are bringing civil proceedings to recover Z180m (£514,000) from

West Germany to tighten curbs on formaldehyde use

#### BY RUPERT CORNWELL IN BONN

WEST GERMANY plans to Herr Geissler claimed last bring in before the end of the night that the report showed year nighter curbs on the use that there was "nn reason to of the chemical formaldehyde, indulge in hysteria" about the which was at the centre of sharp chemical. But, he added, econo-

environment agencies, which was published yesterday. Herr Geissler, had requested

was published yesterday. Herr Geissler had requested the report after bitter accusa-tions that the Bonn Government had suppressed evidence formaldehyde content of textiles alteged to show that the which come into contact with chemical might cause cancer, the skin, while incubators for and should be banned. The thrust of the new forth have to be manufactured findings is that no clear so as to do without formaldeclaim. But, the report says, suspicion that formaldehyde had carcinogenic properties "could not entirely be ruled

The summer. The announcement by Herr Heiner Geissler, the Health before the Cabinet will include Minister, broadly follows the a compulsory maximum indoor recommendations of a specially formaldehyde concentration of commissioned report prepared 0.1 ppm (parts per million). hy the federal health and This could have implications for

others, as all such products will

evidence exists to back np that hyde for sterilisation purposes. In more general terms, pro-ducts which contain the chemi-cal will be clearly labelled to that effect, while industry will be encouraged to substitute

It proposed that the com-mon fisheries policy be adapted to ensure that tradi-tional fishing rights remained untouched, while those coun-bles with "minority interests" in waters predominantly fished by others would be offered licences specifying limits on quotas and access each year. This would have allowed Spain to negotiate for re-structed licensed access to the seas west of Ireland from which it has been banned

BY JAMES BUCHAN IN BOARD A SMALL majnrity of West fast as they like. Germans is willing to scrept The study, which included speed limits nn the cnuntry's drivers and non-drivers in motorways, according to an roughly equal numbers, is bound to increase pressure nn Chancellor Helmut Kobl's motorways, according in an roughly equal numbers, is opining pull bound to increase pressure nu The poll conducted last week Chancellor Helmut Kobl's by the Emnid Institute for a Government to bite the bullet

per hour on the country's motor- suits of a tree census showing fast would be political suicide. by imposing speed limits on all ways, the only roads in Europe 40 per cent of West Germao The new poll suggests, how-where people can often drive as wnodland is sick from pollution, ever, that the "German fnrest" verters,

West German television stating of a Government to bite the built revealed that 55 per cent of the tion from car exhausts. Next sample would approve of a week, the Agriculture Ministry speed limit of 100 kinometres is expected in announced the re-

ment is deeply divided on the issue, and repelled oppositino pressure for a decision last week by ordering a study of pollution from motor vehicles. Traditional wisdom has been that in interfere with the West

Speed limits win supporters in W Germany a portinn nf which is attributed (as it is known) has crept to motor exhausts. Herr Kobl's coalition Govern-ment is deeply divided on the The Government is atready

ment should salvage some credit by imposing speed limits on all German passion for driving very

Car pollution curbs meet EEC opposition

BY PAUL CHEESERIGHT IN LUXEMBOURG

The European Commission offered the compromise as a way in hreak through the impasse on fishing, acknow-ledged to be one of the most difficult elements in the memopposition from other states of subsidies to motorists huying the European Community over cars with catalytic converters, its plans in introduce unilater-ally new emission standards for tary basia from next year, but

Britain, France, Italy and the cars with the converters from European Commission all criti-ised the West German plan, type of vehicle. Three to fnur not on environmental grounds, years fur the EEC motor but because of its effect on the industry to adapt would be suf-working of the common market, ficient, he told Community Hom Martin Dagament the content in the told Community

THE West German Govern- the first time what his Govern- delay, he said. West Germany Karl-Heinz Narjes, the Commis-ment yesterday ran into blunt ment inteods. This involves could not accept it, on environ- sinner in charge of the internal

market, said that unilateral West German action whuld be against the Treaty of Rome. mental grounds Mr Paul Channnn, the British Minister for Trade. retorted that catalytic converters do not Officials working on the sldelines of the ministerial meeting appear to be the most cost effective solution. "I'm absolutely certain we must have a Comwere making ennugh progress nn the formation of a single munity solution. We can't have

not on environmental grounds, years fur the EEC motor but because of its effect on the industry to adapt would be-suf-working of the common market, ficient, he told Community Herr Martin Bangemann, the crade ministers in Luxembourg, Herr Martin Bangemann, the crade ministers in Luxembourg, Economic Affairs, explained to fen vehicle emission standards the Council of Ministers for from 1995 involved too long a **Only Data General knows** land but met fierce opposition from other countries, noishly France, which feared an ero-sion of their existing rights. your Data General computer this well\_ Naturally, nobody can possibly know Data General computers as well as we do.

#### argu **Irish unions complain** res about legislation delay 10 Mar

#### BY BRENDAN KEENAN IN DUBLIN

10 Hz a anna Truitean IRISH TRADE unions have asked . The several changes of govern-the EEC Commission to take action ment in Dublin since 1980 have conagainst the Irish Government over delays in introducing legislation to extend the obligation on companies to publish annual accounts. r. 1.77 6 1.2. Sea berry n n k Nan k

The Irish Congress of Trade Unions has enlisted the support of the European Trade Union Confed-eration in its complaint that legisla-his proposals to government. These 1.813 8 1 N. 1 1 4

• Negotiations between the KEC and 64 African, Carib-bean and Pacific countries opened in Brussels yesterday aimed at securing the final terms of a third five-year Lome trade and ald pact.

> Setback for-**Opren** group

since the 200-mile coastal limit was introductiod in 1976.

The Commission plan was backed by the UK and Ire-

# Spain over its fishing fleet when the country joins the EEC have been thrown out by nfficials from the Ten's fisherles ministries. Their deci-sion is another substantial blow to the entry negotia-tinns and easts more doubt on the January 1, 1988 acces-

BY JAMES BUCHAN IN BONN

An amendment to Irish company Irish company law is still based law introduced last year covered on- largely on a 1963 Act and is genly a second directive, dealing with public companies. The fourth directive is more sensitive from an Irish point of view, because it is likely to force private companies to disclose information for the first time. Such companies are relatively more numerous, smaller in size and more secretive in Ireland than in most member states.

tion under the EEC's fourth direc-tive on company law, which should have come into effect in 1980, has still not been introduced.

erally regarded as in need of major updati

The Irish Congress, in a letter to the President of the Commission, M Gaston Thorn, said it feared that legislation would be further delayed unless the Commission used its powers to compel the Government

By Paul Cheeseright EUROPEAN CONSUMER gronps hoping to state their case on the banned anti-arthritis drng Opren failed to see the Council of Trade Ministers yesterday because it because horseed down in dis

became bogged down in dis-cussing compensation fur victims of defective products. The Opren Action Committee seeks to offer support for the families of up to 100 people whose death might be associated with the drag, now withdrawn from the market, which was produced by Eli Lily in the U.S. and Dista Products in Britain.



### **ON BUSINESS IN EGYPL..**

COME TO SHERATON.

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all his experience in govern-ment, he has remained politic-

tion will need to be satisfied.

Splits even exist inside the

Rakuei Tanaka faction over who should get the best jobs. This is doubly important because, even if later than sooner, Mr

Tanaka is going to resinquish bis reins one day. It is often said his faction will break np when be goes, but sontrol of it

remains an attractive prize. Mr Noburo Takeshita, now Finance

Minister, remains the heir apparent and could take over

from Mr Abe at the Foreign Ministry or become Secretary-

General. But either position could also go to such Tanaka faithful as Mr Susumu Nikaido or Mr Masumi Ezaki.

For his part, Mr Nakasone is still on record as preferring

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### **OVERSEAS NEWS**

### China may ask for onshore oil help Pretoria to allow school

BY MARK BAKER IN PEKING

4

CHINA is considering spreading vide most of the technical ser- said. the involvement of foreign oil vices. Sor companies to onshore as well as

offshore exploration. Kang Shien, a member of the State Council and a former minister of petroleum industry, confirmed during a meeting with officials of the Chevron Corporation that the matter is under study, and a spokesman for the China National Offshore Oil Corporation (CNOOC), Chen Bingqian, says that the move is "likely." He said in an interview that a proposal was being studied by the Petroleum Ministry.

Kang said such a move would be different from the co-opera-tion with foreign oll companies duction. now under way in offshore "We still have to improve exploration as China would pro-oor work in some aspects." he

Some local authorities wanted Indications of the move come the Government to protect them from foreign competition but this would mean "sheltering backwardness." Preferential treatment should be given to the companies able to compete as China is preparing to announce e second round of bldding for joint venture exploration leases in the South China Sea and the southern Yellow Sea. Chen said an announcement with the foreign companies. about the bidding would be made "as soon as possible."

with the foreign to a second s CNOOC was attempting to speed up its preparations and the work might be completed by early next year. Kang said the introduction of foreign companies to onshore exploration would be desirable to help expand existing oil pro-

The target for this year had been 108m tonnes, compared exceeded 100m tons each year been 108m tonnes, compared since 1978 and the country was with an actual output of 106m the world's seventh largest pro-tonnes in 1983. All China's ducer last year, Government current oll production comes leaders have stressed that there from onshore fields.

contacts between Amman and the establishment of joint com

councils must be a major effort to find big new onshore fields. The offshore exploration area

THE South African Governopened up last year have yet to ment has agreed to set np elected student representative councils and class leaders in live up to China's expectations, although CNOOC says it is pleased with initial results, especially an Esso consortium strike in the South China Sea an effort to defuse tensions in black schools that have lead to boycotts end bloody riots, Anthony Robinson reports

from Johannesburg. Remedial classes on Satur-Remenial classes on Sain-days will help pupils catch up work lost during the disturb-ances. Six schools near Pretaria, closed since May, would reopen tomorrow, according to Mr Gerritt Viljoen, the Education Minis-

The councils will be intro-duced in January. But Mr Viljoen emphasised that they "It is not the task of the pupil to rule the school," he said.

UK protests to Iraq

The UK yesterday protested with "serious concern" to Iraq over Monday's attack in the Gulf on the supertanker the Gulf of the supertanker World Knight in which two British seamen are presumed to have been killed, writes Richard Johns. The fire on the vessel was reported to have been ertiuguished yes-torday with the other enter terday, with the ship subse-qeantly being towed to the Iranian port of Busbehr,

Important changes took place yesterday in the leader-ship of Lebanon's factional

Syrian-supported grouping that charged Mr Geymayel's

Party faces cost of unity JAPANESE politicians, per baps more so than their foreign counterparts, do not always say exactly what they mean. On

counterparts, do not always say exactly what they mean. On Monday, for example, Mr Kiichi Miyazawa, a veteran of pre-vious Cabinets, appeared to announce his intention of chal-lenging Mr Yasuhiro Nakasone for the presidency of the ruling Liberal Democratic Party, and hence the Prime Ministership, next month. But a closer reading of what be said reveals that he left him-self with a significant escape clause. This is that if between now and October 29, the date for the declaration of presidential candidacles, the LDP achieves

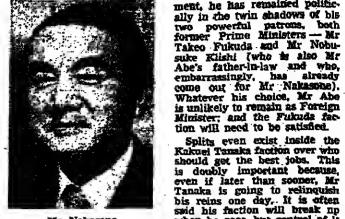
the declaration of presidential candidacles, the LDP achieves "party unity." Mr Miyazawa will not put bis name forward. He is not the first to say as much; his patron, Mr Zenko Suzuki, the former Prime Minister and factional leader, has frequently done so, as has, more recently another botten

more recently, another poten-tial runner. Mr Shintaro Abe, now the Foreign Minister. now the Foreign Minister. Party rules stipulate that if four or more candidates for-mally declare a so called "primary" election of LDP rank and file members, about L3m of them, must be conduc-ted prior to a confirming vote by MPs. Otherwise, the selec-tion is effectively left to negotations between party elders and ratification by MPs. With Mr Miyazawa and Mr Abe bedging their bets, and with

With Mr Miyazawa and Mr Abe bedging their bets, and with the third challenger. Mr Toshio Komoto, possibly unable to raise the 50 signe-tures from Parliament's mem-bers needed to quelify, the chances of an open fight for the leadership are rapidly receding. But this does not mean Mr Nakasone would be returned to office without pay-ing a price. him ng a price.

The bottom line, of course, is that Mr Nakasone looks like a winner. His popularity is relatively, though not insuperably, high and, critically, be still appears to bave Mr Kakuei Tanaka, the former Prime Minister and kingmaker extra-ordinaire, in his corner, The concomitant is that his rivals do not wish to jeopardise their future by being crushed in open contest this time around. But the neture of Japanese politics is such that even those with

This, in effect, is what all the Massyoshi lito. mounts this, the only date he references to "party unity" are There is speculation that Mr has to worry about is about. This is no more than a Abe might even forgo another November 6. If Ronald Reagan simple codeword for the senior Cabinet or party post in loses, then the co-pariner in equitable division of patronage order to build up his personal the "Ron-Yasu" relationship among the factional forces in following inside the Fukuda. will be running for cover the next Nakasone administra- faction, the third largest. For himself.



Jurek Martin on Nakasone's campaign to stay on top

Mr Nakasone

THE LOP FACTIONAL STRENGTHS (BOTH HOUSES)

115 Tanaka 78 Suzuki 67 Fulcud Nakasone 32 Komoto Ishihara Non-aligned 34

is still on record as preferring an open primary, largely because be feels that the smashing victory which is within his grasp would render him less vulnerable to the incessant party intrigue; he could even use it to reduce his perceived dependence on Mr Tanaba if he chose As ft is tion. This process of horse-trading, to be decided by intra-party negotiations in the coming weeks, is no merely complex and even fraight with some danger for Mr Nakasone; it is also designed to impose checks and believer on the leader and to Tanaka, if he chose. As it is, balances on the leader and to advance the causes of those by winning a second term next month, he will have done better who may ultimately succeed than bis five immediate pre-decessors (one of whom, Mr Thus, for example, Mr Suzuki Masayoshi office).

wants the promise of a senior Cabinet or party post for Mr Miyazawa, preferably that of LDP Secretary-General, often a balance of power and opinion inside the LDP is weighted stepping stone to the top, as the price for withdrawing Mr against bim. He only runs the

fourth largest faction and the nature of his relationship with Miyazawa's candidacy. Complexing the bargaining, bowever, are divisions within the individual factions, especi-ally inside Mr Suzuki's, the Mr Tanaka surely stops short of the latter giving him carte blanche. He is also up against the pursuit of factional selfsecond largest after Tanaka's, Mr Miyazawa, Mr interest and the underlying fact that he is still not widely 30 intellectual whose appetite for trusted. He has not been able conventional rough and tumble in two years to dispel politics is unproven, is not very popular among his factional colleagues. Mr Rokusuke reputation earned over thirty years as a political weathervane shifting with the winds. political memories Tanaks, the currently ailing LDP Secretary-General, is one Japanese are awfully long. But, if Mr Nakasone sur-

But.

mounts this, the only date he has to worry about is November 6. If Ronald Reagan

### Tax on office equipment opposed

### BY OUR FAR EAST EDITOR

ent's revenues by widening the The Finance Ministry's igher stope of the commodity tax. basis problem is that, in the Industry's view is that It absence of fundamental tar reform, it has little alternaalready pays over one quarter of total commodity tax revenues and should not be tive but to target individual sectors in order to raise the revenues and reduce a fiscal singled out for an additional leficit which already exceeds This specific conflict is by £40hs a vear. no means the only one carrently dividing the Govern-There is serious discussion inside the Government about ment and the private sector. The Finance Ministry and the Keidanten, the umbrella suployers association, have already exchanged broadsides both the level of existing taxes and the desirability of rely-ing more in the future on consumption levies, as opposed to income tar. But at present there appears to be ne political consensus behind any over whether or not Japanese corporations are under or particular proposal. over-taxed.

BY RAMI G. KHOURI AND TONY WALKER IN AMNAN HOSNI MUBARAK'S ing to the Palestine issue. in Jordan, the first visit This would follow likely Egyptian President since renewed American diplomatic arrival in Jordan, the first visit by en Egyptian President since efforts in the region after the presidential election, an Israeli 1977, may berald a realign-

**MUBARAK'S HISTORIC VISIT TO JORDAN** 

withdrawal

ment of political forces in the Middle East. King Hussein's bold decision to restore relations with Egypt seems designed to promote a new Arab consensus on a settlement of the Arab-Israeli con-

While the decision bas eracerbated inter-Arab ten-sions, in the long run King Hussein clearly hopes that it will spawn a new moderate grouping to participate in re-newed Middle East peace efforts.

The timing of the King's decision to restore relations with Egypt took most people by surprise. However, it appears that the Jordanian ruler moved now to allow time for a new Arab grouping to emerge in anticipation of the focus of Middle East diplomacy revert-

G.,

sordan's interest in expand-ing economic ties with Egypt is expected to follow the pattern of close economic links with Syria and Iraq at various stages during the past eight years. This has included opposing factions in the PLO. While Jordan's decision appeared sudden and bold, it was the culmination of an 18-month long process of renewed HRH PRINCE MOHAMMED BIN FAHAD BIN ABDULAZIZ An article by Michael another, the Shobokshis. We Field in the Financial Times of August 31, dealt with delays being experienced by

from

banon and efforts to bring

about a reconcilication among

Hussein hopes for a moderate Arab grouping

South

are asked by Prince Mohammed to make it clear that he does not have and never has had any bolding in Carlson Al-Sandia, and similarly that he has never contractors in receiving payments from the Sandi Government. It was stated that Prince Mohammed bin Fahad had any business dealings with nor investment in the was e partner in one of these contractors, the bankrupt Carlson Al-Saudia, and that Shobokshi group. Michael Field and the Financial Times apolo te Prince he was much involved with Mohammed for these errors.

Cairo, which included two meetings between King Hussein and Mr Mubarak, the

ton last February.

ost recent being in Washing-

Jordan's Interest in expand-

particularly hard hit by the general economic slowdown in the Middle East and the Gulf War War. By forming the nucleus of a moderate Arab grouping, King Hussein and Mr Mubarak no doubt bope to offer the pro-

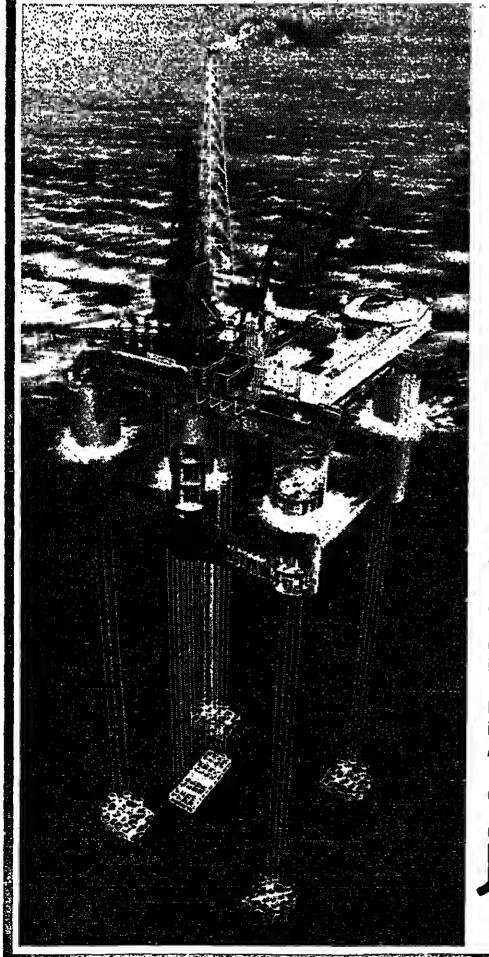
panies in the fields of trade, industry and transport. Jordan has traditionally sought close relations with its more powerful Arab neigh-bours. Its revival of polifical and economic ties with Egypt comes et a time when it is at loggerheads with Syria, and

Iraq is preoccupied with the Gulf War. Guif War. A factor in the King's deci-sion may be the bope that Egypt will emerge as an im-portant export market for Jordanian goods at a time when Jordan's trade has been nextinuized hard bit by the

Arafat forces in the PLO an alternative focus of support as ounter to the Syrian-led anti-Arafat forces within the PLO.



# weak hands can expect to win leading light who opposes his a few tricks. bid, while others prefer Mr This, in effect, is what all the Massyoshi lito. SHIPS, WE DECIDED TO LOWER OUR SIGHTS.



And in so doing we reached new depths of expertise." Famous in the past for such magnificent vessels as the Transatlantic Queens, John Brown today are still at the forefront of engineering technology.

Lebanese factions

ship of Lebanon's factional forces, agencies report from Beirut. President Amin Germayel's Phalange party tightened control of the comtry's right-wing Christian militia, the Lebanese Forces, with his nephew, Mr Fraad Abm Nader, elected as its head. The leftist Moslem forces handed together in a Syrian-supported grouping

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Indeed, our offshore operations extend far beyond the North Sea, major engineering contracts have been carried out in the waters of the Celtic Sea, the Mediterranean and the South Atlantic.

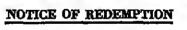
But then, we are a company that is still going places, even if it's not in ships.

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proposal to impose higher excise taxes on office automaequipment is again runinto strong objection from industry.

A similar attempt by the Ministry of Finance last year to extend the so-called commodify tax to goods such as personal compoters and word processors was blocked by the industry lobby, using its con-sections to the ruling Liberal Demreratic Party.

The ministry calculates that it can raise about Y100bn (£328m) in additional



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ght to convert Debentures selected for redemption into Ramada Inns, Inc. Il terminate at the close of business on November 15, 1984. The conversion res is \$15.57 principal amount of Debentures for each share of Common Stock.

Debentures is \$15.57 principal amount of Debentures for each share of Common Store, RESERVE upon the conversion. On November 15, 1984, the Debentures designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appentaining thereto maturing after the redemption date, at the option of the bolder either (a) at the Receive and Deliver Depart-ment of Citilbank, N.A. (formerly First National City Bank), 111 Wall Street, New York, New York 10043 or (b) at the main offices of Citilbank, N.A. in Amsterdam, Milan, Brussels, Frankfurt/Main, Paris or London, or the main office of Citilbank (Intern-bourg) S.A. in Laxembourg, Payments at the offices referred to in (b) above will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhatan, City and State of New York, Any payment made by transfer to an account main-tained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS form W-8 in the case of non-U.S. persons or an executed IRS form W-9 in the case of U.S. persons. Compons due November 15, 1984, should be detached and collected in the usual manner.

On and after November 15, 1984, interest shall cease to eccrue on the Debentures selected redemption. Following the aforesaid redemption, \$2,266,000 principal amount of the Deben-tres will remain outstanding.

**RAMADA CAPITAL CORPORATION N.V.** 

Dated: October 9, 1984

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Reagan

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wert them."

### Mondale sets out on a 'new race' for the White House

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

terday sought to build on the tage point success of his first televised overcome. debate with President Ronald Mr Bush was yesterday play-Reagan on Sunday, claiming ing down the importance of his that the contest for the White debate with Ms Ferraro. in House was now "a brand new race."

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His vice-presidential runningmate, Ms Geraldine Ferraro, cleared her agenda of public

widely regarded as a lack instre performance against Mr Mon-dale. Mr Tony Coelho, chairman of the Democratic Congressional Campaign Committee, said that Mr Reagan'a "awfully con-fused" debate showing had for fused" debate showing had for Althoogh the Democrats have interto refrained from taking weakly New York property direct swipes at Mr Reagan's age—at 73, he is already the country's oldest president—his shaky performance on Sunday wether it may be beginning don't like it, 1 would sit in. I whether it may be beginning don't like it, I would sit in. I to tell on him.

advisers were yesterday trying President Jimmy Carter was to shrug off the debate's impact. often criticised for allowing his

MR WALTER MONDALE yes- estimated at 15 to 30 percen-terday sought to build on the tage points --- was too big to

nomic crisis. ing on the flery New York con-

gresswoman to register some telling points. A Bush spokes-man said that the debate was "not very important in the long run" and would not decide the outcome of the election. in four quarterly instalments.

cleared her agenda of public appearances to prepare for her own encounter with vice. president George Bush in Philadelphia tomorrow night— the next step in the Democrats game plan for an unprecedented come from behind victory on November 6: Mr Richard Wirthlin, Mr Reagan's pollster, admitted that, according to his calcula-tions, the President's lead could slip from 18 to 12 or 13 percen-tage points by the end of the week, following what was widely regarded as a lack histre performance against Mr Mon

tell on him. want to know what's going on, Mr Reagan's White House he said.

confident that his enormous wife Rosalynn to sit in at lead in the polls - variously Cabinet meetings.

### \$120m Westmoreland libel case against CBS starts

BY NANCY DUNNE IN WASHINGTON

ONE OF the most controversial for its news programmes and and important American libel Mr Mike Wallace, the bard-trials in recent times began yes. terday in New York with the jury selection after months of preparation and public debate. The big reputations are at

preparation and public debate. In a \$120m (197m) damages suit filed against CBS tele vision, General William West-moreland, the commander of 1964-68, is charging that he was falsely- accused - of deceiving President Lyndon Johnson and Pentagon officials about the strength of the enemy. Differ big reputations are at take, including, of course, that stake, including, of course, that says he was intentionally mentary called " The Uncounted Enemy: a Vietnam Deception." The trial is expected to in-such as Mr. Robert McNamara.

Pertagon of the enemy. Strength of the enemy. The truthfulness of both the former secretary of defence, U.S. military and the media and Mr Dean Rusk, former will be on trial at a time when secretary of state, as well as multiple secretary of state, as well as

### Pledge to Mexicans 'did not authorise' Israel by abortive \$50m credit deal

### BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

By David Lennon in Washington Commercial de France to put to- cial banks. PRESIDENT Ronald Reagan yesgether last mooth's abortive credit. Sr Gurria, in London to discuss terday pledged continued U.S. snp-port for Israel but did not promise visiting Prime Minister Shimon of up to \$50m for Mexico's develop- his country's rescheduling proposal ment bank Nafinsa, Sr Angel Gur- with commercial bank creditors, ria, Director General of Public said the plan had met with a posi-Credit said yesterday. tive response so far although it was Peres, any additional funds at this

time to help Israel overcome its ecowhich telexes were being sent out would be ready to make their basic inviting banks to subscribe to a commitments. The President said that the \$1.2bn in economic aid already aploan of which Mexico had no knowlproved for Israel had come "at an edge, he told a press conference. The loan, which would have

appropriate time," implying that the grant would be made available marked Mexico's first voluntary immediately rather than being paid borrowing exercise in private capital markets since 1982, was abrupt-Mr Reagan announced the forma-tion of a joint economic developly postponed a week after sound-ings began during the International Mooetary Fund's annual meeting in ment group with Israel to discuss its economic recovery and develop-ment programme. This body will Washington.

"We were encouraged that there was a deal being put together," Sr Gurria said, but Mexico preferred apparently monitor the implementation of the Israeli recovery proto wait until banks signalled their acceptance of its \$48.7bn reschedutions about further economic assisling plan before tapping the market for fresb loans. Publicity surroundtance in the light of developments. The President said that should ing the credit would not damage its relations with the French bank, he problems arise for Israel over its balance of payments deficit, "the said. U.S. Government would work close-

In Paris, a spokesman for Credit ly with the Israeli Government to Commercial de France said his bank had been asked to sound out It was also agreed during the bank had been asked to sound out meeting in the White House that the market by the Inter-American the negotiators working out details of the planned free trade area be-tween the two countries should complete their work within 30 days.

MEXICO did not authorise Credit tranche to be provided by commer- by the banks last year when these commitments are signed For technical reasons, however the loan may not be repaid until January, with the money first being put into a separate escrow account Credit said yesterday. tive response so far although it was as a sign of good faith, he said. This led to a 'bizarre situation' in not yet certain when the banks Part of the problem lies in Part of the problem lies in the

fact that the loan can only be repaid when interest falls due and the next Mexico has promised to repay up available opportunity is not until to \$1.5bn of the \$5bn loan granted January.

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Citibank Savioga	Trustee Savings Bank 104.0
Clydesdale Bank 1019	United Bank of Kuwait 101%
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Comm. Bk. N. East 101% Consolidated Credits 101%	Volkskas Limited 10+%
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Co-operative Bank*101 %	Whiteaway Laidlaw 11 %
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Duncan Lawrie 101%	Yorkshire Bank 1019
E. T. Trust 11 % Exeter Trust Led 11 %	Members of the Accepting Houses
Exeter Trust Led 11 %	Committee.
First Nat, Fin, Corp 13 % First Nat, Secs. Ltd 12 %	<ul> <li>7-day deposite 7.25%, 1 month 8.00%, Eixed rate 12 monthe £2,500</li> </ul>
First Nat. Sets. Ltd 12 "	9.75% £10.000. 12 monthe 10.00%.
Robert Fleming & Co. 101%	1 7 day deposits on sums of endor £10,000 74%, £10,000 ep to £50,000
Robert Fraser 11 %	£10,000 7% £10,000 sp to £50,000
Grindlays Bank	a:'. 150.000 end over 8'.' # Call deposits £1.000 and over 7'
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Hamiltos Bank 101	§ Oemand deposits 74%
Heritable & Gen. Trust 101%	1 Mortgago bese rate.

Development capital is easy to get. And easy to get wrong.

most of the American public vision news programmes.

various generals, colonels and forms its judgments from in- Central Intelligence Agency formation received from tele- analysts. Thousands of pager vision news programmes. of government documents, de-Of the three networks, CBS classified for the trial, will be usually has the largest audience-used in the argument.

Five Bahamian | Chile opposition - ministers go in shake-up By Nicki Kelly in Nassau

THREE BAHAMIAN Cabinet Ministers have resigned and two have been dismissed in a have been dismissed in a massive shake-up of Prime Minister Sir Lynden Pindling's Progressive Liberal. Party Government. The Cahinet shuffle is the result of a year-long commission of inquiry into drug trafficking that has badly tarnished the Prime Minister's resultation.

reputation.

reputation. The Cabinet Office on Monday announced the resignation of Mr Arthur Hanna, Deputy Pnime Minister and Finance Minister. Mr Hanna had heen in the forefront of a movement by some Cabinet ministers to force

some Cabinet ministers to force Sir Lynden's resignation. An earlier Cahinet Office bulletin announced that Mr Kendal Nottage, Youth Minister, and Mr George Smith, Agricut-ture Minister, had resigned "io the interest of the nation aod the PLP." Both men were alleged to have been iovolved with drug smugalers. Both de-

with drug smugglers. Both de-nied the charges. Two other members of the anti-Pindling faction, Mr Perry Christie, Tourism Minister, and Mr Hubert Ingraham, Housing Minister, were dismissed by the Prime Minister within hours of

Prime Minister Within hours of Mr Hanna's resignation. Commission investigators found that in the past seven years Sir Lynden spent eight times more than he earned, was beavily in debt, and had failed to disclose receipts of over \$645,000 (\$538,000) from a close friend accessed of influence bedding Sir Lynden bas said workers' confederation, who has peddling. Sir Lynden has said the money was paid to settle an | played a key role in organising

leaders face arrest By Mary Helen Spooner in Santiago

A CHILEAN magistrate has ordered the arrest of eight opposition and trade union leaders for their part in organising last months two-day anti-Government protest against General Augusto Pinochet's regime. In issuing the order, the

court cited a special provision of Chile's state security law. The provision was passed last year in an effort to thwart further protest actions by

further protest actions by opposition groups. The eight leaders include: Sr Gabriel Valdes, a former Foreign Minister and President of Chile's Christian Democrats; Sr Mario Sharpe, Social Demo-cratic leader and president of the Multi-partisan Democratic Alliance: Sr Enrique Silva, the Alliance: Sr Enrique Silva, the president of Chile's Radical Party; three trade union leaders and two socialists. Authorities ordered the prosecution of 10 opponents

shortly after last month's pro-test, in which at least nine people were disturbances. were killed during

The court ruled there was insufficient evidence to charge two of the 10 opposition figures,

workers' confederation, who has the days of protest beginning

18 months ago. Chile'a opposition trade unions have called for a 24-hour general strike against the Government on October 30. 18 months ago.

### **Bolivian Cabinet resigns**

THE Bolivian Cabinet resigned, reorganise the Government in on Monday night to facilitate a- order to introduce readjustmeets government reorganisation. In the economic, political and almed to alleviate serious poli- social fields, we resign to leave tical and economic problems in you in complete freedom to re-the country, AP reports from La organise your Cabinet." Par. A new Cabinet is expected to

dent Herman Siles Zuazo, running at 1,000 per cent a "recognising your decision to year,

Par. A new Cabinct is expected to The Cabinet, with the exception of two Communist mini-sters, said in a letter to Presi-measures to control inflation

is plenty of cash available for business development.

But the finance required to help a company expand must be tailored to its present and future character. If the financial package is wrong, your company's potential may never be realised.

Development capital can come in many forms to assist business expansion: management buy-outs; management buy-ins; or an investment in shares from retiring shareholders, for example. County Bank Development Capital's participation may be in the form of shares, loans, leasing, guarantees, or a combination of them all with other financing ideas.

Indeed, the skill of an organisation such as County Bank Development Capital lies in putting together the most effective and economical package of available financial resources. To do this successfully requires creative expertise on the part of the bank. It requires a knowledge of your industry, your business, and your management. And very often it requires some pretty fast footwork.

With the economy emerging from recession, there But perhaps the most important thing is that the bank is sympathetic to your goals, and to your

> aspirations for the company. Financial houses work in different ways, and although every investment must be realised at the proper time, County Bank Development Capital prefers a long-term relationship with a client.

Once a client, you have the benefit of our experience in corporate advice and financial management expertise. You have .our support, but not our interference. When we take a shareholding in a company it remains a minority interest.

We are partners to over 160 companies, of widely differing sizes, at different stages in their corporate development. The bank's total exposure stands at £80 million,

so we are not afraid to put our money where our mouth is. If our experience can be of any help to you, or if you

would like more information about County Bank Development Capital Limited, please telephone Andrew Davison, Managing Director, on 01-638 6000 or write to him at County Bank, 11 Old Broad Street, London EC2N 1BB.

UNTY BANK DEVELOPMENT CAPITAL LIMITED

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### WORLD TRADE NEWS

# Grundig to send **China VCR kits** for assembly

#### BY JONATHAN CARR IN FRANKFU

GRUNDIG, the West German over a six-year period. Matsu-audio and video concern, is to shita is also negotiating a VCR deliver video cassette recorder (VCR) kits to China, with assembly under licence expected to begin at the start of next Vear.

6

A Grundig spokesman said hroad agreement had been reached in talks with the Chinese this autumn, although details—including the exact number of kits—still had to be decided

The size of the deal is not yet clear, hnt it is considered signi-ficant, not least because the Grundig kits will be for VCRs of the Japanese VHS format.

The Grundig deal is the second for China. Sony of Japan announced earlier this Japan announced earlier this of Grundig's co-operation with year plans to produce 300,000 the Chinese in the production Beta system VCRs in China of colour television sets,

### **UK trade with Nigeria** set to show 2-month dip

#### BY PATTI WALDMEIR

BRITAIN'S TRADE with of health from a government Nigeria, its largest export team set up to inspect goods market in Black Africa, is on arrval; expected to dip sharply  $\ln \bullet$  They can delay shipments October and November as a until November 1, when new result of the dismissal 10 days ago of tha country'a sole agents for pre-shipment import inspection, SGS of Switzerland. shipment.

A flurry of communiques om the Central Bank of from the Central Bank of Nigeria, Ministry of Finance, Information Department and the newly-formed inspection team has failed to allay exporters' fears about new inspection arrangements in force since October and is even in-creasing confusion in some areas.

The majority of exporters in the UK, including the major trading companies which do a substantial part of their business with. Nigeria, are re-sponding by suspending ship-ments of urgently-needed food, raw materials, spare parts and drugs. payment. shipping costs. drugs.

Exporters are faced with two

shita is also negotiating a VCR deal in China. Grundig only began to manufacture VHS system recorders this year after long concentrat-ing solely on the V-2000 type, which it developed with Philips. The company expects its overall VCR production pattern eventually to be roughly one third V-2000 machines and about (£9hn)

two-thirds VHS, with a very small share for the third system, Beta.

Delivery of the VHS kits to China, more or less on Japan's doorstep, is thus likely to be seen as a distinct filip for Grun-dig's new VCR atrategy. The deal also coincides with announcement of an extension of Grundig's concertion with

### **Dutch raise** credit insurance premiums By Peter Spinks in Amsterdam

THE DUTCH Government's

But sitting in a government corporate jet, looking tired after recently opening Sony's export-credit balance-sheet is looking far from healthy, with current Argentine and othar third world debts having prompted Mr Onno Ruding, the Finance Minister, to raise credit new video cassette plant near Dar and rushiog back to Paris to decorate someone for services to French exports. Mme Cresson acknowledged that such investments were not aasy to insurance premiums for 1985 and to impose stricter controls on the acceptance for insurance of export transactions. come hy.

At the opening ceremony, Mme Cresson said the new Sony plant showed that France and The Government's exposure on export credit risks has risen from 1982 by 14 per cent to stand currently at FI 40bn Japan could work together successfully. Mr Ruding says that Argen-tina is ona of the Netherlands'

Tha plant, Sony's second in France, was not simply an assembly operation but had a high value-added content, it was

minister.

heaviest debtors. Poland, Nigeria, Zaire, Libya, and Mexico also substantially account for recent government providing new jobs, it involved co-operation between the Japanese group and domestic French companies, and, last but reinsurance losses incurred through NCM, the Amsterdamwhich reinsures non-commercial or political risks with the Finance Ministry. The export credit insurance by oo means least, as much as 90 per cent of the plant's videocassette production is intended for export, Mme Cresson added.

Sony established its first French manufacturing plant to produce sonnd cassettes \_at surplus that accumulated since 1945 fell to Fl 152m in 1982, turning into a Fl 306m loss last year. Deficits of Fl 825m are Bayonne four years ago. The plant has created 375 jobs and expected for this year and of F1 380m for 1985. Mr Harry Groen, the NCM director, also lays part of the blame on tha fact that Dutch has already produced more than 100m cassettes with 85 per cent of the total for exports.

exporters suffered from weak ness in mid-east markets due to decreased oil prices having eroded their import capacity.

• They can delay shipments until November 1, when new Several Opec nations have be unable to meet their Dutch inspection agents are due to resume inspection prior to obligations. It is expected that several

export credit facilities may be Both options, say exporters, are fraught with risks. tightened in future as a conse-quence of the Government's Despita instructions from the current high level of reinsur ance risks. Dutch export credit premiums

Central Bank to commercial banks to bonour an inspection certificate from the government which Mr Ruding is to raise next January, currently range from 0.5 per cent to 7.6 per cent of the value of the total order. team in place of the required SGS certificate when negotiating confirmed letters of credit, hanks have yet to amend the letters accordingly. Until they do, exporters cannot be sure of

Fisons drug gains Shippers fear the inspection U.S. approval team could force them to cut pixes of goods on arrival, or Fisons PLC said its opthalmic

anti-allergy drug Opticrom has been approved by the U.S. Food and Drug Administration, Reuter reports. Opticrom is already available refuse them outright, forcing companies to incur substantial

If they decide to delay ship-ment until the new agents take over, they run the further risk of seeing letters of credit expire Exporters are faced with two options: • They can ship goods without a pre-shipment inspection certi-ficate, hoping to get a clean bill

### Paul Betts examines why Japanese ventures are welcome in one EEC country France seeks to boost inward investment

vear.

tronics industry.

permit that."

Mr Roderick also parried

"IT'S THE IDEAL type of involving initial investments of foraign investment," remarked FFr 140m (£13m) has created Mme Edith Cresson, the so far 125 new jobs, ebuilient French industrial Tha latest Sony venture

Tha latest Sony venture redeployment and foreign trade reflects tha increasing opening

of France towards foreign investment from Japan. Mme Cresson, who has established for herself a "super saleswoman" image for French exports and industry, is now seeking to match this reputation in attrac-

ting inward investment. She flies to Japan today to try to consolidate commercial and industrial ties hetween the two countries. Her trip comes three months after a visit to Japan by M Laurent Fahius, the former industry minister now prime minister, In the face of an increasingly difficult domestic industrial and

employment situation, France has now lost all its earlier inhibitions about Japanese investments.

Moreover, the overall net flow of new foreign investment in yes France has been declining since in 1980. In current money, the net acc flow of investments (new investments less disinvestments) has fallen from FFr 13.9bn in 1980 to FFr 12.4hn last year,

In the case of Japan, there has been a sharp increase in new Japanese investments during the last three years. From only four in 1981, there are now 24 produce sound cassettes at Japanese investments during Bayonne four years ago. The last three years. From only breakthrough came this year breakthrough came the present body, has traditionally sought to deploy new investments any from areas with already a heavy from areas with already a heavy traditional trad



Mme Edith Cresson

compared with FFr 352m in 1982 and FFr 271m in 1981, according to Industry Ministry figures.

ngures. The French Government has also made it clear it now welcomed Japanese and foreign investment in troubled French inducive to investment.

sectors. Perhaps the most important

miss the opportunity of the tion. But Mme Cresson believes this obsession on regionalism is no longer realistic. Sony ceremony to emphasise

France's continuing heavy trade deficit with Japan. This deficit had widened from FFr 9.3bn in 1981 to FFr 13bn in 1982 and to more than FFr 16bn last " The administration must not block potential investments. It must encourage them and be willing to seize on opportunities whenever they come up," she

In the consumer electronics said. sector alone, the French deficit Mme Cresson believes France still has a major communicasector none, the French curch has now reached nearly FFr 3.5bn a year with Japan currently accounting for a 30 per cent share of a comestic market totalling about FFr 16bn in annual sales. tions task to market the coun-try and its industrial assets abroad.

She would also like to see the modern business area of La Defense in Paris launched by the late President Georges Pompidou developed into an in-In spite of industrial invest-ments by companies like Sony, Akai, Clarion and JVC, Japanese companies have only ternational window for French industry and investment, and would like to see foreign in-vestors acquire stakes in created ao far about 850 new jobs in France or roughly 5 per cent of the total employment in the domestic consumer elec-French companies.

She claims, bowever, she can do little to introduce new fiscal and financial incentives for To encourage greater invest-ment especially in technological areas where French industry is foreign investments in France. still lagging, Mme Cresson believes it important to create "a certain climata" which is "That is the business of the Finance Ministry. I try to do what I can with what I've got," sba said somewhat wearly.

The procedure for accepting new investments must be accelerated, she said, emphasis-ing the need for cutting French sba said somewhat wearly. Mme Cresson is facing these days a series of major indus-trial headaches including the problems of the French car in-dustry and of the shipbuilding sector now coming to a head not to mention the arduous and the induct a state of the arduous

task of trying to find a solution for salvaging the Creusot-Loire heavy engineering group.

### Australia opts for Sikorsky helicopter deal

we know is subsidised and we know is dumped to come into this country. Do you know of any other country that would Australia said yesterday It had decided in principla to buy eight American-made Sikorsky Sea30 <sup>..........</sup>

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gard to be

hawk helicopters and associated equipment for its navy at a cost of A\$317m (£209m), Reuter reports from Canberta.

charges that U.S. steelmakers were inefficient and slow to the early 1970s, we (U.S. Steel) have ploughed back every dol-lar of profits mada in steel and borrowed \$1.5bn as well. The The Labour Government's announcement followed an in-tense batla for the contract with Westland helicopters of the UK, which offered ten Lynx helicop ters at a total cost of A\$170m.

ldea that wa are not investing in steel is a myth." Westland's plans also in-cluded the sale and eventual Mr Trautlein argued that U.S. steelmakers could be commanufacture in Australia of Its W-30 helicopter. That aspect of petitive with foreigners on a fair trade basis in the U.S. the plan remains under con-sideration. market. He acknowledged that

> Air Wisconsin, a regional U.S. carrier, has ordered a seveoth BAe 146-200 airliner. from British Aerospace in a contract valued at £12m.

Agencies.

Every experience contributes to creativity. O. Spengler

### U.S. steel import curbs 'absolutely vital'

BY JAN RODGER IN CHICAGO

Only two weeks ago, Presi-dent Reagan decided to impose new restrictions on imports of steel-a move that will hurt many of the industry's guests at the International Iron and Steel Institute annual conference in Chicago.

Mr Don Trantlein, the amiable chairman of Bethlehem Steel and host for the confer-ence, was reasonably diploma-

tic in his "prepared" welcom-

ing address. "Speaking for the American industry, we are reeling from the trade problems of the last 10 years and especially the last three.

would ever stop. Asked if he foresaw a multi fibre type "There appears to be no end to the capacity which each steel agreement for steel he said: producing nation is willing to "I'd like to have it, sure."

BY IAN RODGER IN COMMUNICATION OF THE NEW IMPORT RESTAND OF European Community coun-rassing for U.S. steel industry kets." The new import restraint leaders to be hosting their com-programme, he said, was "abso-tries to wean their steelmakers off subsidies by the end of What about the commitment are going to permit steel that next year? He was convinced they would not succeed. But later, at a press conference, Mr Rautlein was more blunt. "If someona starts rob-

That meant the current import restraint agreement with the EEC would have to be rebing your house, you expect the police to come and apprehend him," be said. newed or EEC producers would be shut out of the U.S. market The U.S. steel industry was completely.

operating at only slightly above 50 per cent capacity despite a strong economic recovery and Mr David Roderick, chairman of United States Steel, was equally sceptical. There wasn't a 10 per cent reduction in its capacity within tha past year. "a chance" that subsidies would be removed by the end "The industry's greatest problem is clearly the continu-ing surge of unfairly traded imof 1985. In his view, subsidies hred inefficiencies and an atmosphere of ease out of which it was difficult to break. It was also clear that he no longer believed that unfair

the industry had high labour costs but these were offset by But be suggested tha U.S. was being extraordinarily gen-erous in allowing importers an foreigners' transportation costs. "If we cannot be competi-tive we should not have a steel trade practices by foreigners 181 per cent share of the marke industry in this country," he

In the next five years, we said.

# Moving the earth. This is how we as steelmakers do it.

We are a group of companies whose activities extend well beyond the production of steel. We mine ore in Brazil and Liberia. We have many trading activities. We also offer the highest technical expertise in machinery and plant construction. Know-how which combines to the best advantage of our customers. This is one reason for our leading position in the development

and production of earthmoving machinery, materials handling equipment and processing plant. Our manufacturing program meets the highest demands of quality and performance. Therefore our customers may be sure that our

products have been developed to the state of the art and have

> been proven under the hardest working conditions.

Our principal companies and affiliates in the production of mining and earth-moving machinary, as well as generat engineenng are

ROTHE ERDE-SCHMIEDAG AG (100% owned by Hoesch) Large-diameter antifriction bearings for mining and materials handling equip-ment; for shore, deck and construction cranes; for earthmoving equipment and

heavy machinery.

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PHB WESERHÜTTE AG (49% owner by Hoesch)

Equipment and plant for open pit and underground mining; for stockpiting; for cargo handling in ports; material processing equipmant and construction

further information pleas The Management, Hoesch AG, Eberhardstrasse 12, D-4600 Dortmund 1, Federal Republic of Germany.

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Financial Times Wednesday October 10 1984 . . .

### **ENERGY REVIEW**

**British Gas sets its sights on industry** 

By Maurice Samuelson

THE BRITISH GAS Corporation gave notice this week that it does not regard the national need for careful use of energy as incompatible with its hope of expanding its sales throughout the rest of the 1980s. Despite the somhre m

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ories of the 1974 power sh ages evoked by the ser month-old coal strike, it firmed that it is going all to increase its share of energy used by British indu and commerce.

Both these sectors are being overly wooad by lay advertising about the virtues gas as a "wonderfuel," a slop already used heavily in cor-ing the householder.

Simultaneously, gas sa men working for the corpo tion's regional boards are n knocking on the doors of i tories and offices rather ti simply waiting for new o tomers to approach them. Their message is being reinforced by lavish exhibitions for business men and fuel technologists.

The change into a higher marketing gear is prompted by the prospect of increased sup-plies of gas being landed this winter from the Morecambe field, coupled with a fillip in national energy demand.

It fits in with the transporta-tion's strategy of boosting sales from 17.8bn therms a year to 20bn therms by the end of the decade.

"Over the next six years," says Dr Eric Clatworthy, British

High technology

companies are considered to be

'the market of

#### the future'

Gas director for industry and commerce, "we shall have plenty of gas to sell."" commerce, "we shall have market in about 1970, under-plenty of gas to sell."" cutting coal as the replacement He is working on the assump-tion that in subsequent decades On the industrial front, the the corporation will also begin importing gas from Norway's Sleipner field. Despite signs ing from other fuels, or to that the British Government will not permit it to buy as much demand is increasing as their if the Sleipner rise as it would not permit it to buy as much demand is in ni the Sleipner gas as it would activity rises. like, British Gas is conducting Price and

and the second second

### THE POWER BEHIND INDUSTRY

PERCENTAGE SHARE OF UK INDUSTRIAL AND **COMMERCIAL ENERGY MARKETS, BY FUEL, IN 1983** 

	Gas	Solid fuel	Elec- tricity	Petro- leum
Irea and steel	11.7	62.8	10.7	14.9
Engineering, metal trades	37.2	17.2	23.1	22.6
Food, drink, tobacco	34.3	10.5	12.3	42.9
tradest	63.2	7.0	11.0	18.8
Textiles, leather, clothing	23.7	22.1	16.5	37.8
Paper, printing, stationery	35.1	15.7	17.1	82.1
Bricks and tiles	42.7	18.3	3.2	35.8
China, earthenware, glass	50.5	2.7	20.0	26.8
Cement	1.1	86.9	8.9	3.1
Other industries	15.5	5.9	19.6	59.0
INDUSTRY (total)	84.1	22.7	14.9	28.2
Public administration	30.5	12.1	15.9	41.5
Agriculture	_	1.6	22.9	75.5
Miscellaneous	35.4	4.9	39.5	20.2
COMMERCE (total)	30.4	8.0	27.3	34.2
WEIGHTED AVERAGE	33.0	18.2	18.7	30.1
	_			

nu community and account and included, market shares of fuel used in tal industry and petroleum 45.4 per cent, solid\_tuel 4.7 per cent, electricity ir cent and petroleum 45.4 per cent.

900m, the commercial sector 28.3 pence a therm for inter-600m-650m, with the domestic market taking the rest. 28.3 pence a therm for inter-nutrible supplies of gas since October 1 with 3840p a therm

Just over half the new sales for heavy fuel oil and 20p for to industry would be "interrupt-ible" bulk supplies to replace heavy fuel oil for raising steam in factories and buildings. Originally produced to enable the gas system to balance supply coal. Some of the new industrial demand comes from higb tech-nology companies springing up as part of the restructuring of the economy. Their activities range from metal treatment and metal forming to corrupts and and demand, interruptible gas is sold at a discount with the metal forming to ceramics and plastics, for which beat has to be applied and switched off rapidly and clearly. proviso that it may be cut off during peak winter heating periods.

The corporation's ambitions are causing concern among its market, representing perhaps 5 rivals, particularly at the to 15 per cent of energy usage. National Coal Board, which But Dr Clatworthy sees it as National Coal Board, which also has its sights focused on

National coal also has its sights focused on also has its sights focused on between the two utilities is salesmen's plans remind the competing hectically to supply Coal Board of how gas surged its energy needs. According to into the industrial heating Dr Clatworthy, the battle market in about 1970, under-marking coal as the replacement "very sophisticated," with elec-tricity putting up "a rather

not the Steipmer gas as it would activity rises. like, British Gas is conducting Price and the special quali-its sales campaign as though it ties of gas are seen by the will get most of it. Of the 2.7bn therms of new factors in expansion of sales. Market. Despite pressure on international crude oil prices, beavy fuel oil has become scarcer and dearer as oil com-of the 2.7bn therms of new factors in expansion of sales. sales industry would take 850m. Dr Clatworthy contrasts the by squeezing more refined pro-

The Britsh coal industry, tories and huildings which use fuel oil as its only growth area

forced by an array of grants and loans from the Government and the European Economic Community inspired by an in-ternational desire to reduce de-

duts out of a barrel of oil.

pendence on oil. About four years ago, the British Government's package of grants to encourage the switch from oil to coal was extended to cover conversions from gas. But in spite of this, Dr Clatworthy claims that al-though gas is losing some business to more fro

to it fro Не ге fuel oil distribut try as p particul large ci turers, on whom the coal sales men are also concentrating. In the next five years, he claims up to 500m therms of new

gas. Neither the coal nor the electricity salesmen are surprised by the gas industry's return to

the industrial and commercial markets, which has been phased in subtly and gently. British Gas first froze its

marketing in these markets dur-

ing the 1979 world oil shortage hecause of a sudden stampede with prospects of falling sales of companies wanting to switch to power stations, regards fac. to gas. In the winter of 1980, the corporation was forced to refuse virtually all new bulk in the immediate future. Its customers except those within appeal to this market is rein- 25 yards of a gas main.

Subsequently the corporation has gingerly altered its attitude to new customers as a result of three key factors: the evalu-bility of gas, the need to replace customers lost during the recesslon, and latterly the growth in demand due to the recovery in some sectors of the economy, There were several distinct phases in this relaxation; culminating in this autumn's decision to resume the offensive

propration gerly

its e to

in public.

new customers.

Within four months of the Within four months of the initial freeze, the corporation began a form of rationing, under which it supplied customers who had already installed gas burning equip-ment and could not use other fuels. Even so, all applications initially had to be carefully screened, and required approval at four learning of the gas

at fnur levels of the gas industry. Preference was also companies who could given to

### SIR DENIS ROOKE

equally be supplied by oil or

prices as if they bad a firm contract for unbroken supplies of gas but with the understanding that their supplies might be cut off at peak demand times. In the event, none of these customers suffered any interruption and they have now been

place gas fired boilers along-side thosa burning coal or oil. It still held back from the kind of full-scale marketing

**APPOINTMENTS** 

### New board at ICL

Twelve new directors bave deputy chairman of Harveys of been appointed to the board of Bristol. Mr John Blanche will ICL from October 9. Following become chairman of Teachers confirmation of the merger with (Distillers) and later in the year. STC and the resignation of Sir chairman of United Rum Mer-Michael Edwardes and the five chants on the retirement of Mr michael Edwardes and the live chains on the realisation in an non-executive directors (Finan-J. N. W. Hearder. Mr Eric Col-cial Times, October 2) ICL will well, who is chairman of Britvic, become a management company will also become chairman of responsible for the ICL activities Vine Products, and Goldwell, and within the STC Group. deputy chairman of Showerings. The new directors are: Mr Mr Howard J. Atkins, at 37

D. F. Beattie, personnel director, D. F. Beattle, personnel director, Mr Howard J. Atkins, at 37 ICL; Mr D. J. Dace, director and the youngest of Gillette's world-general manager, mainframe wide senior management team, systems, ICL; Mr J. T. Dickson, is leaving his post as president director and general manager, of Gillette Canada, in Montreal, manufacturing operations, ICL; to return to Britain as managing Mr N. P. Eadie, director and director of UNIPART INTER-general manager, office systems, NATIONAL. From November 1 ICL; Mr J. B. Eyles, director, he takes over responsibility for intermiticant husiness. STC: Do the worldwide business of ICL; Mr J. B. Eyles, director, international business, STC; Dr N. W. Horne, director, corporate development, STC; Mr J. J. Jerram, finance director, ICL and the worldwide business of marketing Unipart's " all makes " marketing Onipart's "all makes" paris and components pro-gramme. Mr Atkins began his career with Heinz in the UK before going to Gillette just over 10 years ago. He has held senior marketing and general manage-ment posts in Britain, the U.S., West Germany sod Canada. company comptroller, STC: Mr A. W. Lanum, director and general manager, applied systems, ICL; Mr D. J. D. Lewis, director, business intelligence and planning, STC: Mr A. R. Panaell, managing director ICL

Rousell, managing director, ICL (UK) Limited; Mr D. J. Small, husiness planning director, ICL; and Mr J. M. Watson, technical director, ICL. Mr B. D. Taylor has been appointed a director of GLAXO HOLDINGS from November 1. He will continue as chairman and manging director of Glaxo Pharmaceuticals. These directors join the three

ICL directors continuing from the previous board: Dr R. W. the previous board: Dr R. W. Wilmot (appointed chairman from October 1), Mr P. L. Bou-field (managing director, also from October 1), and Mr R. A. Biggam who will remain for u short period to ensure the smooth handover of his finance director responsibilities to Mr Mr Stuart Hall, marketing Hr Stuart Hall, marketing manager of the sports services division of THE EXCHANGE TELEGRAPH CO, a company within the Extel Group, has been appointed husiness development and marketing manager.

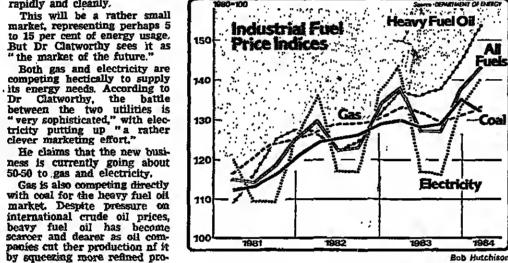
J. J. Jerram, Dr Wilmot has indicated that following the establishment of the new board he intends to lessen his commit-ments in 1985 and concentrate on Mr Andrew R. Cripps, and Mr Mr Andrew R. Cripps, and Mr Stephen J. Peace, have joined TILBURY ESTATES as estates manager and development manager respectively. Tilbury Estates is the commercial and industrial property development subsidiary of the Tilbury Group. forward strategy for ICL.

Mr Derek Lewis will shortly be joining the board of GRANADA GROUP as financial director. GROUP as financial director. Following a career with Ford, culminating as finance director in the Ford of Europe bead office, he joined the Imperial Group in 1962 and is currently group strategic and financial planning manager. He is also a director of the cornerate director of the corporate development division.

Mr Nicholas W. Nash, an executive director of Pell Frisch-mann Off-Sbore, and Mr Richard A. H. Perkins, menaging direc-tor of Thomas Wragg and Sons. have joined the board of BRYMULL as non-executive directors, BRITISH ROLLING MILLS, the principal operaling subsidiary of the group, has appointed Mr Philip J. Moore as sales director. Ha succeeds as sales director. Ha succeeds Mr John T. Woodhouse who is retiring hut who will remain a member of the British Rolling Mills board until December 31.

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Bus is round some ouse	
coal it is gaining even om companies switching om oil.	The co
gards the whole heavy	
tion areas of the coun- otential gas users. He is	
arly interested in the ude heat users, such as	attitude
nd chemicals manufac-	new cn

business can switch from oil to

British Gas chairman prove that johs would be lost unless gas was laid on. Two years later, with the recession seriously bitting sales and with gas belatedly avail-able from the North Sea Brent field, the corporation began supplying new factories and those using gas as a premium fuel rather than simply for crude heating which could equally be supplied by oil or

coal. The next step, a year ago, was to take on new "conditional" customers. These paid the same

brought into line with other "firm" customers.

The final barrier fell a year ago when British Gas turned to companies wishing to con-vert from other fuels, nr to

kind or full-scale marketing campaign launched this month. Nevertheless, sales were by now rising of their own accord. Last year gas overtook oll as the leading fuel in industry (other than power stations). And between April and August this year orders for "interrupt-ible" gas have been 11 per cent higher than in the same period last year, with inders for firm supplies 3.5 per cent up.

Motor Cars

Holidays & Travel



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### TECHNOLOGY

VISCOSITY MEASUREMENT FINDS A HOME IN INDUSTRY

# A sticky solution to process control

#### BY PETER MARSH

8

This simple statement from electronics engineer Mike Clif-ton explains why, with three others, he set up a company on the outskirts of London to make viscosity-measuring machines machines.

In four years, Viscometers, based in Chingford, has regis-tered steedy, if unspectacular, growth and now sells each year about 250 instruments worth some £250,000.

The company has just started to move away from selling stand-alone devices that re-searchers use in laboratories to ettack, what could be a much bigger market—installation of similar hardware in factories to help in process control.

Liquids can be anything from printing ink to yoghurt, from chemicals to face cream

Here, Mr Clifton's machines monitor the physical charac-teristics of liquids in vats at various stages during a manu-facturing operation. The liquids could be anything from printing ink to yogburt, from chemicals to face cream.

The devices would be linked to computers that supervise the verall running of a plant. As

"JUST about everybody who makes things that flow, from tarmacadam to cosmetics, is cosity." In measuring vis-This simple statement from tool company. In his previous tool company. In his previous

cars.

to monitor the production of chemicals. A typical installation (which monitors viscosity et

Until recently the

plant in Royston, Hertfordshire, run by Johnson Matthey. The With his three fellow direcplant produces alloys used in plating processes, for example in the coating of exhausts for

with his three fellow direc-tors, Mr Clifton raised £50,000 to start the company. The others includa Alan Jennings (Mr Clifton'a brother-in-law, who looks after sales and marketing) and Brian Long, Allied Colloids of Cleck-heaton, Yorkshire, has bought who is in charge of manufac-turing. The fourth person is David Easson, e retired City executive who is the company viscosity-monitoring instruments

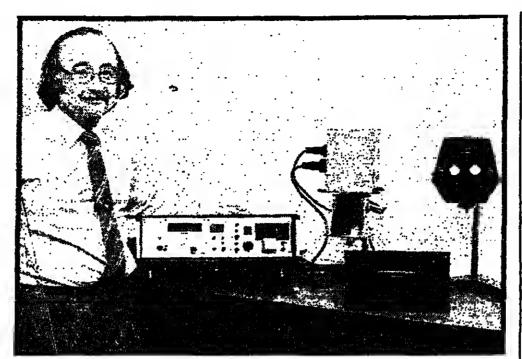
just one point in e process plant) would cost the customer chairman. To measure viscosity, defined as the resistance of a fluid to a shear force, a Viscometers instrument contains a spindle that is dipped into the material under examination. To the end of the spindle is attached a small disc or cylindrical piece of metal. about £2,500 for the measuring hardware plus electronic support equipment.

of metal, The whole unit is rotated by

The whole unit is rotated by an electric motor at a fixed velocity to produce a shearing force. A small spring linked to the top of the spindle coils up as a result of the resistance (3) the shear force caused by the monitoring of this

liquid'a physical characteristics. This movement of the spring is recorded by a tiny optical for specific jobs.

This development results from the requirement by such A package of electronics produces a figure for viscosity by companies for closer control of finids in certain types of industrial machinery. For example, W.R. Grace of London, dividing the shear stress (regis-tered by the spring's movement) by the shear rate (derived from the turning velocity of the spindle). In a process-control intricacies of the manufacture application, the value for vis-of a specific item, spotting at cosky would be transmitted by an early stage, for example, if a digital code to a computer or the product is too lumpy or does not flow smoothly enough. the case of a simple instrument to ensure that it is of the correct



Alan Jeanings of Viscometers with one of the company's instruments which it hopes will make a splash in the market for measuring the viscosities of liquids

#### quality to produce top-notch cPC, a Manchester enterprise,

In a variation on the themse selling to process-control is using devices made by Visco-meters in a similar application. industries, equipment manu-The company makes machinery used in cardboard manufacture. The people who buy such machinery may find it useful to monitor the viscosity of chemicals, starch for example, quantity in industry was that are important in the production process.

a Cinderella pastime facturers are incorporating industries gives Mr Clifton and industries gives Mr Clifton and was something of a Cinderella the five other people in the pastime. Commonly, factory company a rare insight into the problems faced by companies involved with the control of behaviour of chocolate, for example, is notoriously tricky fluid, a worker might pour a the way different fats in the funnel and record the time it hquid precipitate and redissolve takes to flow through the hole as a result of changes in con-at the bottom. mechanisms made by Viscometers in items that they sell

contains so many lumps, its world market for this kind of riscosity is very difficult to Measure. Viscometers bopes it can persuade more industrialists that viscosity is a quantity worth viscosity is a quantity word monitoring more closely. Re-searchers engaged in detailed scientific work have measured viscosity for years with instru-ments similar to those made by

the British company. But until recently the monitoring of this quantity in industry was something of a Cinderella

hardware is worth no more than £5m but is growing. Other com-panies that sell equipment in this area are Contraves of Switzerland and Haaker, based

in West Germany. Viscometers employs half a dozen small engineering sub contractors to produce most of its hardware. The company simply assembles and tests the final units at its Chingford site. In an interesting move Viscometers has become not only a manufacturer of instruments but a landlord premises in which two of its subcontractors are accon modated. The company bought e set of workshop units when it set up business and let out tho space that it did not require. The two subcontractors that share the Chingford base are

the pipeline and moorings that ensure the equipment is safe and economic to overate.

### EDITED BY ALAN CANE

### Computing ICL's five

workstations iCL has inunched five multimicroprocessor workstations for use in office networks. They over increased periors ance and capacity and are an enhancement of the DKS 20 range (Distributed Resource

Systems). Each of the models has faster application and work-station processors and double station processors and double the memory of current models 10, 20, 25 and 50. One of them, the 128, is a new design incorporating a single 5.25 inch diskette and 10.5 mega-bytes of Winchester hard disk. It can support up to eight additional workstations and simultaneous multiple communications. unications.

The new models, known as the 100 Range, have a start-ing price of £2,350 (the 110). The top of the range model, the 130, with 27 megabytes of disk and matrix printer costs £11,500. More on 01-788 7272.

### Offshore

### Pipeline analysis

ferences, for example. Graphic images can be stored on a play-in medule containing programmablo memory chips and tho Presenter controls the se-quence in which the images are displayed. The images themseives have to be pre-nared at special studies and there are about 26 in the UK of which six are in Londot. HYDRAULIC ANALYSIS, a company in Leeds, is assessing the safety of underwater plpelines in a contract for Statoil, the Norwegian statedisc systems and other com-parer peripherals or via the telephone line to a distant computer. owned enterprise that is developing the Guilfaks oil fields in the North Ses.

The British company is examining the design of a 2.2 km pipeline now under construction that is due to enter service next year. It is also investigating features of single-point moorings with which tankers will dock once the field produces oil. As a result of the work, engineers should draw up a set of specifications for using

Since the company founded in July more then tounded in July more than 150 Presenter terminals have been sold. These have been bought mainly for the pharmacentical industry as a sales aid to representativ selling drugs to doctors.

frandard

### RAPID ADVANCES IN SALES March of the microcomputers

NEARLY 70 per cent of all the were a total of 2.3m units ness computers give way to microcomputer systems in-representing 65.7 per cent of more specialised hardware-stalled in the UK by the end the total microcomputer popu-of 1983 were installed in that lation installed by the end of the like, Hewlett Packard, 1983 were installed in that lation installed by the end of the like, Hewlett Packard, 1983 were installed in that the like of the like o year alone.

1983. r alone. he total was 3.52m; 2.4m of Sinclair Research with 49.1 per plus price bracket, ICL (24.5 se worth £962m were shipped Sinclair Research with 49.1 per plus price bracket, ICL (24.5 cent of the units installed and per cent) supplied slightly more fist figure, which illustrates The total was 3.52m; 2.4m of and installed in 1983.

and installed in 1983. This figure, which illustrates the dramatic rate at which the UK microcomputer population is growing, is taken from the latest volume in the annual census of the British computer industry carried out by BIS-Pedder. It is the 11th year that the Pedder organisation has car-ried out its analysis of UK  $\frac{46.2 \text{ per cent of the value,}}{46.2 \text{ per cent of the value,}}$   $\frac{46.2 \text{ per cent of the value,}}{Commodore was second with}$   $\frac{21.2 \text{ per cent by value,}}{21.2 \text{ per cent by value,}}$   $\frac{21.2 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows, however,}}$   $\frac{17.3 \text{ per cent by value,}}{The census shows,}$   $\frac{17.3 \text{ per cent by value,}}{The census shows,}$ 

British Olivetti and ICL are th

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Alternatives

AN ALTERNATIVE to video

AN ALTERNATIVE to video or slide projectors is being offered in the shape of view-data computer graphics. Tele-graphix, a subsidiary of the f10m turbover Telemetrix group in Tewkosbury. For inst pader £2,000 the

group in Tewkesbury. For just under £2,000 the company is selling its Pre-senter system which can be used for advertising in shops or presenting graphics in con-ferences, for example.

of which six are in London

The system can be con-nected to microcomputers.

It can also act as conven-tional videotex terminal and

will decode Prestel, Bild-schirmtext or Telidou, the North American viewdata

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Graphics

to slide

projectors

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Pedder organisation has car-ried out its analysis of UK information processing systems, but only the first dealing with microcomputers. So rapidly is this section growing, however, that 97 per cent of all the general purpose computers in the UK are micro-computers in the UK are micro-computers, representing nearly 25 per cent of the base by value. More machines of the home variety and costing less than 200 have been installed than any other Wad, of course. There

generally held view that the home market is set for a down-turn while the business and professional marketplace TO

"We predict a downturn in demand for small, general purpose home computers and believe that the emphasis will shift to special purpose com-puters integrated with, for example, home security or environmental control systems." More from BIS-Pedder on 01-633 0366.

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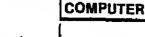
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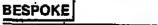
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### **OVERSEAS NEWS**

# A creature of Malaysian policy

By Chris Sherwell, recently in Johore Bahru, Malaysia

THATLAND.

MALAYA

state of Johore is a creature of the country's 20-year New Economic Policy, begun in 1970 after Malay-Chinese racial tensions surfaced in riots.

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And it is an unusual creature insofar as it has no shares and no dividend payment responsibilities. It has hundreds of millions of dollars in loans, but no current repayment obligations. The corporation has explicit

political objectives, including the eradication of poverty, but it also has a lifelong record of profit, And it bas subsidiaries spread across agriculture, industry, property and trading, but is staffed by civil servants. The new economic policy aims to give bumiputras (indigenous Malays) a greater aims

munity, are allowed to have 40 per cent, and the remainder may be held by foreigners. of economic growth, so that no community loses. It is implemented by numerous agencies through the purchase of exist-ing companies and the creation of others. Among these agencies are the state economic develop-

tors is be; high of the high of the idiary of th ment corporations, which also carry ont development projects. i as com icrustual as restel, Bu telidan, p a strain Their success rate has been about as variable as their activities. In the state of Selangor, near the capital Kuala Lumpur, the emphasis has been on urban development and

more da more da reninais he c have he for t idustri ai

state's most important economic and hom sector. The man who built up the corporation was Tan Sri Haji Besir bin Ismail, an agron-omist-turned-businessman. "He was the brains and moving force behind its growth," says Datuk Mohamed Ali, to whom Haji

THE ECONOMIC development Corporation: "The restructur-corporation for the Malaysian ing of society, the eradication ing of society, the eradication of poverty and the establish-ment of a strong, viable and self-reliant organisation." Mohamed Ali freely admits

that the clash of political and economic objectives poses a dilemma, but he is certain that making a profit is an objective. In one sense, politics is ever-present. Most employees are Malays, and he himself is a card-carrying member of the United Malays National Organisation (Umno), the Malay party which has dominated the national front coalition that has ruled the country since independence in the 1950s. But Mohamed Ali is

the 1950s. But Monamed All is adamant that no employee should be involved in party councils, because that would make both the individual and the corporation needlessly vulnerable.

The real politics is more sophisticated: within the depart-ments of government. Mohamed responsibilities are not Ali's simply to the state government, although the Johore chief minister is chairman and a per-The key feature of this minister is chairman and a per-"restructuring." policy is that sonal working relationship bere its goals are to be achieved out is essential for success. He must also deal with at least two federal ministries ---- Finance and Public Enterprises he must depend on those ministries' representatives on the

corporation's board to smooth the path in Kuala Lumpur. The corporation has certainly come a long way. It is now established not only in planta-tion agriculture bnt in "downstream" commodity processing, the establishment of industrial estates and property develop-ment, and in management serhousing. On the island of vices, commodity broking and Penang, the so-called "Pearl of shipping. the Orient," it has been on The obvious logical pattern tourism. Many have, inevitably behind the development of these found themselves involved in businesses is thrown into fur-

loss-making operations. ther relief by the continued In the case of Johore, the migration of people from the mainspring of growth has been rural areas of Johore Bahru, the plantation agriculture, the main city, looking for new jobs

All told, the group now manages 67,000 hectares of plantation, an area larger than the whole of neighbouring Singa-"He pore. Two-thirds of this is behind its growth," says Datuk planted, mostly under oil palm, Mohamed Ali, to whom Haji and gives employment to 6,700 Basir handed over in 1982 after people. Eastern Plantation 12 years as executive director. Agency (Jobore), a wbolly-Few corporations. can have owned subsidiary of the cor-Few corporations can have owned subsidiary of the corporation, and unappropriated such explicitly political or poration, provides management M\$113m. vague commercial objectives as services for the estates and also Of the M\$293m the corpora-those spelled out for the Johore for others, and controls one of tion had outstanding in loans State Economic Development the corporation's best-known in 1963, almost M\$265m came

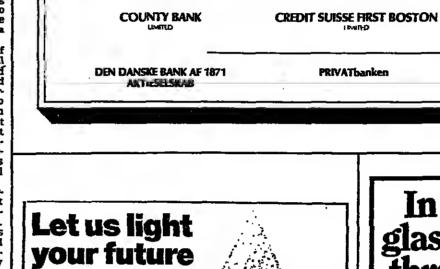
D miles 100 repayment in 1986. Over the next five years, says Mobamed All, plantations will

> The corporation will face increasing problems obtaining loans from a financially hampered government, and will have to depend more beavily

community. For example, 1.2m units of shares in Kempas Edible Oil have already been transferred to Permodolan Nasional Berhad (PNB), the national equity cor-poration established in 1978 to purchase shares to be held in trust. But this was done at par value. The government says this is the Johore corporation's contribution to the com-munity, but the corporation says it is bardly calcolated to fuel its own growth ambitions.

its own growth ambitions. The corporation is under-going a metaphorphosis as it simultaneously tries to en-gineer a change in society. "When the corporation was first established." says Mohamed Ali, "Malays were by inclina-tion rural and economically way behind a large, dynamic Chinese community. There was a dearth of entrepereneurs, and what expertise there was put into agencies like this. "Now it has served its purpose. We have concentrated on building up assets, growing

on building up assets, growing and expanding. We now-have entrepreneurs, and they should be given a chance: the Government's new privatisation policy should be taken as a reality. Psychologically, says Mohamed All, echoing a thought often voiced in modern Malaysia: "It has been important to demonstrate that we, the Malays, can run and manage companies successfully. But we're trying to compress into 20 years what it took others much longer to do. There are bound to be costs. But they will be worthwhile as long - we learn."



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**Barbican Centre** 

from the government. The cor-poration has repaid some, but it successfully sought equal treatment with some of its counterparts which had "rescheduled " their payments, and it now only expects to start

yield only 30 per cent of the corporation's revenue, and other areas will grow. But while there are new directions, there are also new constraints.

on its own sources of income and on bank loans.

A further problem the cor-poration faces is in transferring holdings in its companies to other government agencies to be beld on behalf of the bumiputra

S R MATRA companies, the publicly listed Kulim (Malaysia), which is the corporation's flag-carrier and chaired by Hajl Basir. Kulim came under the corporation's control — it has 43 per ceot of the equity — after

a restructuring operation to buy out British interests. The bulk of the corporation's total of 16 operating sub-sidiaries, bowever, are involved not in plantation activity or

not in plantation activity of downstream operations, but in more diverse activities—logging and tin mining, bousing development, building materials distribution, property manage-ment, truck and bas services, even a medical contra even a medical centre. By the end of last year, the

corporation bad opened nine industrial estates with basic infrastructural necessities. More than half the developed area had been sold, and some 450 factory units were ulti-mately expected to employ 20,000 people. The corporation has also successfully wooed investors and companies from nearby Singapore.

In bousing, the corporation, elther directly or through sub-sidiaries, had built some 8,500 units by the end of last year, and was working on projects for another 22,000.

The corporation's finances speak for themselves. Its assets at the end of 1983 were valued at M\$750,000, but Mohamed Ali says that, allowing for some undervaluation, they could now amount to M\$1.2bn. Fre-tax profit in 1983 was M\$40.4m on a turnover of M\$178m, and unappropriated

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### **UK NEWS**

two documents - one marked "Con-

fidential" - to Labour MP Mr Tam

# Vauxhall plants hit by strikes over pay offer

The company has set the bargain-

to increase its offer ...

#### BY OUR INDUSTRIAL STAFF

10

THE FIRST "indefinite" strike in what is expected to be a disruptive motor industry pay round began yesterday at Vauxhall's two main plants at Luton and Ellesmere Port. grading system. Production was also halted at the Dunstable truck plant despite a ing pace in the motor industry for

vote to work normally. In a separate development, union officials representing the 7,000 rise last year, when it was hit by a hourly paid workers at recently four day all-out strike but refused ed Jaguar rejected an offer which the company described as 12 So far this year, 2,500 members of per cent over two years but which the unions said was only worth an neering Workers (AUEW) have takextra £5 a week after deductions.

The two sides in the pay strike are also disputing what the offer is. The union say that it is 6 per cent (TGWU) expected to follow suit to-The union say that it is 6 per cent (TGV plus a further 1.5 per cent which is day.

At Luton, both the 3,000 AUEW members and the 4,000 TGWU the consolidation of a £2 bonus. The company, however, claims that its offer is worth over 9 per cent bemembers are on strike. cause of the introduction of a new

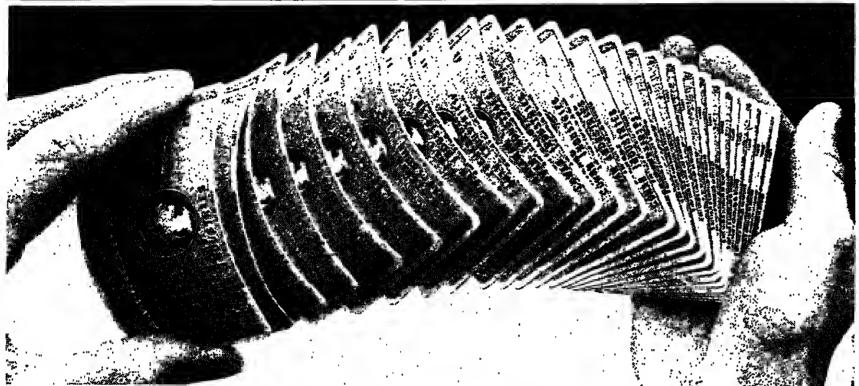
ing tha Falklands war, was yester-day sent for trial at the Central A company spokesman also said that the Ellesmere Port AUEW Criminal Court, charged with an of-fence under the Official Secrets members had decided to meet again on Thursday, which could indicate that the action will be short-lived. Act. He was allowed bail. Mr Roy Amlot, prosecuting, al-leged that Mr Ponting sent copies of

Both Vauxhall and Jaguar are successful companies facing strong pressure for a large share in that success from the workforce. Vauxhall's UK market share has risen from 6.2 per cent in 1979 to 16.64 per en strike action at Ellesmere Port cent today, but the unions argue that average earnings - at present £116 a week - lag a long way behind the £146 at Ford and £140 at Austin Rover.

trial over 'leak' BY OUR LAW COURTS CORRESPONDENT MR CLIVE PONTING, the Defence to be a strong circumstantial case Ministry Civil Servant accused of against him, "honestly I did ont do leaking government documents about the sinking of the Argentine cruiser the General Belgrano dur-statement in which BY DAVID FISHLOCK, SCIENCE EDITOR Subsequently Mr Ponting made a statement in which he said: "I am

sorry that I hreached the trust the department had in me and that I photocopied and sent two docu-ments to Tam Dalyell, MP. I did this because I believed that ministers within this department were not prepared to answer legitimate questions from an MP about a matter of considerable public concern, simply in order to protect their own political position."

Dalyell. There was on suggestion that the material disclosed was damaging to national security. When first questioned by Minis-Mr Jonathan Caplan, for Mr Pon don't suspect me?" Later he had lice evidence said that, although there appeared at the trial. ting, said that the admissibility of that statement, and of certain police evidence, would be challenged



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### Civil servant sent for Electricity board to spend £30m on acid rain research

MORE THAN £30m is to be spent study with the National Coal Board at a joint cost of £25m of pressu-rised fluid-bed combustion, using on research and development di-rectly involved with "acid rain", the Grimethorpe experimental plant in Yorkshire. The cost inover the next two to three years, the Central Electricity Generating Board (CEGB) said yesterday. The scale of its scientific pro-gramme was disclosed by Sir Walcludes a major capital expenditure. It could lead to a new, very-low-pollution boiler for the refurbishing

of Britain's hig coal-fired stations around the end of the century. ter Marshall, CEGB chairman, in the course of a defence of British Government policy on acid rain. The Government is refusing to A full-scale demonstration of a burner developed by NEI to reduce

accept an EEC directive requiring a 30 per cent cut in industrial emisemissions of nitrogen oxides from coal-fired stations is planned for sions of sulphur dioxide. 1986, at a cost of £2m. Other major studies involve Bab-cock International and Foster

Sir Walter rejected the criticisms of the parliamentary Select Com-mittee on the Environment, made Wheeler. a its acid rain report last month. The MPs had misunderstood the ducing the emissions from British in its acid rain report last month.

One is to import cleaner coal than

environment was speaking on the Tories' first debate on conserving

The motion, overwhelmingly car

ried called on the Government to

conserve the environment by all practical means, including the re-

duction of known sources of pollu-

tion and "vigorous defence" of the

Green Belt (undeveloped land be-

environmentalist group,

the environment.

tween urban areas).

Paul's.

The

joint study of a comm

evidence he and his scientists propower stations in the short term are vided, be said. "I have never previnot being seriously considered, Sir Walter said. Both are seen by the CEGB as politically unacceptable. ously seen a select committee report where the written statement so clearly contradicted the evidence they received." can be bought from the NCB. The other is to burn natural gas. But the CEGB is engaged in a

Sir Walter said the weight of international scientific evidence had shifted since 1980 from hlaming sulobur dioxide for damage to forests. o blaming ozone. The current hypothesis is that zone, a particularly active form of opment in Scotland.

ozone, a particularly active form of oxygen, reacts with hydrocarbons Time was running out for deal and oxides of nitrogen to produce acid rain. "Unless you get the science right first, you are likely to end up wasting resources and mon-ey on controls that will have little or no effect " Sir Walter said ing with the problems of acid rain, Sir Hugh Rossi MP told the Conservative Party conference yester-Sir Hugh, chairman of parlia-mentary Select Committee on the

no effect." Sir Walter said. Scientific opinion in West Ger-many, which had led the crusade

for controls on sulphur emissions, was shifting to seeing the need for controls on hydrocarbon and nitrogen oxide emissions.

The CEGB acknowledges that it emits 45 per cent of the oxides of nitrogen released in Britain but only per cent of the hydrocarbons. The chief sources of hydrocarbons emissions are motor vehicles, petrochemicals plants and leakage

of natural gas. He believed that international re-

search could confirm the cause of acid rain within a year or two. The CEGB's £30m programme,

Friends of the Earth, yesterday named 12 power stations at which it managed from laboratories at is said the Central Electricity Gen-Leatherhead, includes pilot-plant erating Board should install gas investigation and demonstration of scrubbing equipment to comply with the EEC directive on acid rain. several technologies for reducing all three kinds of emission. The biggest investment is in a

Conference report, Page 11

### Clore 'planned to end Monaco tax exile<sup>4</sup>

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT SHORTLY BEFORE his death in by the Inland Revenue to rule that 1979 Sir Charles Clore, the founder of the Sears Holdings empire, had been contemplating ending his self-ers interested in his estate contend, Sir Charles remained legally domi-try had shed 7,000 jobs in six years in an attempt to reduce surplus imposed tax exile and returning to acquire domicile in Monaco. live in England, inspite of the tax An English domicile ruling would mean that the Revenue could claim consequences, the High Court in

assets."

### Borrowing limit problem for Shorts

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SHORT BROTHERS, the state wned Belfast aeros vesterday warned that it might have to take unspecified measures to keep within the borrowing limits set by the Government, Our Belfast Correspondent writes.

The company, commenting on re-ports that it was considering shorttime working for some of its 6,000 employees, admitted thet deliveries employees, admitted thet deliveries of its computer aircraft this year might be fewer than planned. It said sales of aircraft and guided weapons had been excep-tionally high in the past two years

but the commuter airliner market remained highly competitive and in some areas, depressed

Shorts said there had been talks with shop stewards about "a number of measures" that might have to be taken to keep within borrowing limits. There have been reports that the company is considering the pos-

the company is considering the pos-sibility of layoffs as well as short-time working but a statement yes-terday did not go into detail. Sir Philip Foreman, the chair-man, said: "We have to tailor our output, particularly of aircraft, to match the order book in a volatile world market. The present discussions are merely precautionary in case we have to introduce any variations in the working patterns."

LEYLAND VEHICLES workers yesterday voted to fight any job cuts after the company's announcement of 446 redundancies affecting bus division plants at Leyland in Lancashire and Workington in Cumbria.

At a mass meeting 3,500 sho floor workers backed propose from their shop stewards which will mean a han on overtime except for essential work and total opposition to any compulsory redundancies.

He warned of the dangers of acid rain to Britain's historic buildings such as Westminster Abbey and St D AUSTIN ROVER, BL's subsid iary, is to return to the estate car market with the launch next month of a purpose-built estate based on the Montego medium saloon which

was launched last April. The Montego is the first new Brit ish estate to be introduced since the Austin Marina in 1975. The Marina later became the Ital and eventually went out of production two years

C SCOTLAND has a huge "whisky loch" which would take two years to sell, even if every distillery in the country closed tomorrow, a report from the National Economic Development Office says.

Distilleries were working at half capacity and bottling plants at less than two thirds capacity so that

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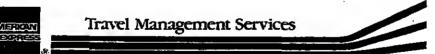
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London heard yesterday. Close friends and business asso-ciates of Sir Charles gave evidence tax - amounting to about £75m - on the whole of Sir Charles' worldwide estate, estimated to be worth about that he always preferred England £100m. to Monaco, where he had taken up

Their evidence was read to Mr the tax to about £20m, on Sir the electronic systems, engineering and telecommunications group.

Scotch. I MR JAMES PRIOR, the former Northern Ireland Secretary, is to re-

join the board of United Biscuits on November 13. Mr Prior, who had previously been a director of the company from 1974 to 1979, will soon also become chairman of GEC,

### **Banks 'limited' on high-tech support**

#### BY DAVID LASCELLES

banks can or should support tech-nological innovation by providing finance, according to Lord Board-man, the chairman of National Westminster Bank, the UK's second largest clearing bank.

government and industry to sup-pose that banks alone can provide the entire financial support needed to bring forward a golden age."

Lord Boardman, who was speak-ing at a Cambridge seminar, the proceedings of which are published today, listed the three main charges that are usually made: That banks lack deep understanding of new technology;

 That they do not become sufficiently involved with businesses other than during the start-up stage

THERE ARE limits to how far or when first approached for mon- tion of a thriving new technology ey: sector required greater co-opera-That their lending policies do not tion between government, industry

emphasise small businesses or and the financial community. But high-technology industries enough. he also cited three weaknesses com-He said hanks took such criti- mon to many small firms: they rely cisms seriously. "But we cannot, as too much on bank finance, their Responding to criticisms that bankers, forget the responsibility managements have poor long-term banks are not doing all they might we have to all depositors who de-strategies, and the information they for small, high-technology compa- pend on the strength and stability produce is not good enough either nies, he said: "It is unrealistic for of the banks for the safety of their for their companies or their bank-

Other financial institutions, such Mr Kenneth Baker, Minister of as pension funds and multinational State for Industry and Information companies, are better able to supply Technology, said government policy the equity investment that many was to support technology and en-emerging companies need. Bankers courage small firms. But its main also lay great store by the quality of responsibility was to ensure an ecomanagement, and they cannot be nomic environment in which entre-expected fully to understand new preneurs could operate freely. The technology (although they are re- principal role lay with small firms

searching improved services) or and their managers. keep fully abreast of a single firm's Financing New Technolog progress. Cambridge Seminar, Septemb Lord Boardman said "the crea- 1984 Institute of Bankers, 24.25.



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Financial Times Wednesday October 10 1984 Ø . . .

### **UK NEWS**

Government to bear bigger

cost of policing pit strike

The Conservative Party at Brighton

# Search for new ground in talks on coal dispute

#### BY OUR LABOUR STAFF

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offices of Acas, the governmentboth parties agree to the dispute arises. shifting onto new ground. Even if that hope is realised, how-

ever, it would be unwise to be over-optimistic. Both sides have enerhas had its principles at stake. The NCB has had its principles - the right to manage and to close uneconomic pits - heavily underscored in recent days by the Government. At the same time the threat of a

strike by the pit deputies, Nacods, receded yestenday after the mion's leaders agreed with officials of Acas that they would be involved in tomorrow's talks. The strike threat will be held in abeyance pending a satisfactory outcome of these talks. Mr Roy Ottey, a member of the national executive committee of the NUM yesterday announced his immediate resignation from the union. He said he wished to dissociate himself from any move by the union to "flout the law."

He is secretary of the union's favoured a national strike ballot.

that are likely to take place in the High Court tomorrow" - a reference to the expected non-appearance in court today of Mr Arthur Scargill. the miners' president, to answer contempt charges.

Other right wingers on the union's executive indicated last night they would not be following Mr Ottey's lead. Although they sympathised with his feelings, they both parties free - the NCB to rethey could.

In its talks with Acas over the weekend the NUM told Mr. Pat which would give the board the

THE BEST hopes of progress in the ed out that few (if any) employers renewed round of talks tomorrow have sought to conclude agree-between the National Coal board ments with unions in which they inhetween the National Coal board ments with mions in which they in-(NCB) and the National Union of sist on the express right to close ca-Mineworkers (NUM) at the London pacity in principle and in advance: such issues are dealt with, convenbacked conciliation service, is that tionally, as and when the need

(NUM).

C1.05m.

necessary.

right that we should do so now."

dent of the NUM, a fascist tyrant.

This is a line of attack which the Acas officials put to the NCB on Monday in a face to face session with Mr Ian MacGregor the NCB chairman and his senior officials. In this conversation the first outlines of e possible deal began to appear. If the board were to withdraw its: insistence that an agreement be signed which enshrined - in some

phrase the crucial word "beneficial" or "satisfactory" and the right to close loss-making pits, it could then save the principle by putting in the final agreement an intention to continue to seek efficiencies in lossmaking pits, continue to put up col-lieries for closure, and press the union hard for agreement on their closure. A second element would then

come into play, that introduced by the pit deputies union Nacods. The deputies have put as a price for calling off the strike for which they He is secretary of the unions ing off the strike for which they 5,000-strong power group which have an 62.5 per cent majority, represents mainly colliery reafts-men in the Midlands, and has been on the right wing of the 26-strong executive. About 80 per cent of his immore are working in defiance of the union's strike call and he has formuted a netional strike hellot. body would intervene in the closure limit delays between charges and procedure before it got to the board: trial in criminal cases, following the a disputed closure would be consid- | example of Scottish law.

He said vesterday he was "not ered by the arbitral body and its prepared to support the proceedings judgment would then be conveyed to the NCB members before they took a final decision.

Nacods's initial demand was for that decision to be binding; but it is probably prepared to compromise on a body whose judgments are ad-

both parties free - the NCB to resaid it was more important to stay ject the advice to keep open a pit to bring to bear whatever influence which it wished to close, the NUM to continue to fight against a clo-sure where it thought capacity reweekend the NUM told Mr Pat mained: Anything else would Lowry, the chairman, and Mr Den- amount on its side to a "no strike nis Boyd, the chief negotiator, that it wanted a new approach as end to attempts to get a form of words in would be unlikely to countenance."

There will have to be discussion right to close uneconomic pits. In its place the NUM has sig-nalled its willingness to examine its brief be extended to include non-inductive mathematical matthematics and as the effort

MR LEON BRITTAN, Home Secre The Police and Criminal Evi-tary, has announced a hig increase dence Bill is to be invoked to pre-tacked the police lines, but every in the Government's share of the vent police authorities attempting miner willing to cross picket lines cost of policing the strike by the to suspend Chief Constables with had been able to do so. National Union of Mineworkers out the approval of the Police Complaints Authority. He told the Conservative Party

conference yesterday that the cost borne by any local anthority would be limited, however long the strike Any costs above a level set by the would not allow left-wing police au-Government would be met in full by the Exchequer, he said In Not-tinghamshire, for example, this would mean e limit on policing costs of £900,000, in Derbyshire

£825,000 and in South Yorkshire, Mr Brittan was cheered as he told conference: "Centrel govern-ment has never provided financial help on this scale before. But it is ing and public order that he was "ready to consider this." New laws might well have a part to play in the future, but there was no point in passing laws unless they could be He was replying to a debate on law and order dominated by rank enforced and file demands for tough action

against miners' pickets. Several representatives echoed the Prime Minister's description of the strikers as "the enemy within." Others tabelled Mr Arthur Scargill, presieviousness."

Mr Brittan announced a number Labour firmly and unequivocally that the law had to be obeyed, and of measures to deal with picket line offences. • More stipendiary magistrates have been appointed in strike workers to end violence and intimidation or forfeit Labour support. areas, and more will be sent in if The miners' strike was an insidi-

 Legislation is to be introduced to fear to smash freedom. The police had received the Gov-

#### Conference reports by Our Political Staff

Mr Brittan said the Government would not allow left-wing police au-thorities to undermine police opera-tions. The dispute had shown that Chief Constables needed protection against "politically motivated acts of spite." Mr Brittan told representatives who demanded new laws on picket-ice and within awar the the was

Labour Party had chosen "to link arms with the enemies of democracy." The hallmark of Mr Neil Kinnock, the Labour leader, had been opportunism and his "stock in trade He challenged Mr Kinnock to tell

tell the National Union of Mine-

ous threat to the rule of law. The presence of thousands of people on picket lines could only be intended to intimidate and coerce, and to use

ernment's total support, and would

continue to do so. The law of the land would be upheld, and the right of people to go to their jobs would he defended. The strike was not an industrial dispute or even an attack on the

Government, but an attack on the rule of law itself, he said. Miners leaders sought only to win power to obstruct change and ruin economic recovery, to intimidate workers and their families, and to turn the country into a shabby look-alike version of the Eastern Bloc states they so admired

Mr Brittan said the leaders of the abour Party had chosen "to link urged to exercise restraint in reponding to the extremism of Mr Scargill, by Mr John Gummer, the party chairman.

> extreme response he longs to see. Firm on the essentials, we must seek to show our willingness to listen where there are real fears and justified concerns.

> Mr Gummer avoided any direct reference to the recent criticism of the Government's handling of the dispute by Dr Robert Runcie, the Archbishop of Canterbury. But the conference seemed to

Leon Brittan: "Ready to

consider new laws" have no doubt whom he had in mind when he said he wanted to be "very straight with my friends" who

onciliation and party members do-cilely joined in the hymn "Lord of all Gentleness, Lord of all Calm." had suggested that the government was somehow too hard and had called for e softer approach. Mr Gummer declared: "There is

no soft answer which would result policing of the miners' strike. in anything else but the loss of tens of thousands of miners' jobs, and even more tens of thousands of jobs in other industries which depend upon coal and the electricity which it produces "

I MR NORMAN TEBBIT Trade many years. and Industry Secretary, said last night that the "drift back to work of miners to pits would ultimately break the coal strike. "It must hap-

round of talks set for tomorrow.

THE RELIGIOUS service which is Disarmament's (CND) 100 ft replica held at the start of every Conserva- of a nuclear submarine on the tive party conference is normally Brighton seafront. seized on by the press as an oppor-Apparently a gang of what CND described as "well dressed thugs" demolished this exhibit which had tunity to spend an extra half hour in bed, John Hunter writes. been intended to demonstrate the

Miners fuel the old

**Tory emotions** 

on law and order

an eye on this ecumenical occasion. With Dr Runcie, the Archbishop of ment's handling of the coal strike we could not afford to take any chances with the clergy. The revolt of the bishops, how-

were offered up for justice and rec-

Needless to say the miners' presi-

In Brighton yesterday, however, the media was out in force to keep

Mind you, a mere fine was noth-Canterbury, criticising the Govern-ment's handling of the coal strike manded by some conference speakers for those guilty of violence. The debate spilled over from the event of the miners' strike and occasionalever, does not yet seem to have ly came close to resembling those spread to the peaceful diocese of good old days of hanging and flog-Chichester which embraces this ging controversies at the Tory con-part of the south coast. Prayers ferences of 20 years ago.

folly of the Government's policy on

the Trident nuclear missile.

Mr W. Coates proposing the law and order motion wanted "swift and mandatory punishment" for violent picketing, the abolition of social se-This atmosphere of healing and eurity payments for strikers" fami-reconciliation rapidly evaporating lies and unions to pay the cost of during the following law and order policing their own picket lines. Not debate which concentrated on the much sign of the healing touch there

But the atavistic nerve of the par dent Arthur Scargill was e much ty was merely struck by another more convincing Tory hate figure speaker, a former policeman, Tom than Tony Benn, the Labour left Butcher. Young people, he assured winger who has filled that role for us, were best dealt with hy punishment rather than reform

The high moral tone adopted dur- As a young man, he confessed, he ing the denunciation of violence on had always been an ebolitionist, but the picket line was spoilt, however, now he had to concede that 90 per break the coal strike. "It must hap-pen," he said. "We are prepared if necessary for it to take e very long time." Interviewed on BBC television last night, Mr Tebbit's remarks did not appear optimistic over the new mod of telks sat for tomogram. Interviewed on the cannaign for Nuclear Not appear optimistic set for tomogram. Interviewed on the cannaign for Nuclear Not appear optimistic set for tomogram. Interviewed of telks sat for tomogram. raid on the Campaign for Nuclear was just like old times.



emphasis?

He gave a warning: "We must not be forced by Arthur Scargill's im-placable political posture into the

each pit which the board wishes to industrial matters such as the effect close on a practical case by case ha- of closure on a local community, sis. Crucially, Acas yesterday promised

and the Labour party. It has point- discussed.

This has been the NUM's posture to the Nacods leadership that it since the breakdown in the last would keep it involved in the NUM series of talks three weeks ago, one talks bringing it in when the colwhich it has made clear to the TUC liery review procedure was being

### **Radical plan backed** by NCB directors

#### BY MAURICE SAMUELSON

meeting this week.

without compromising the board's colleagues as well as for wider disprerogative to run the industry on e cussion. commercial basis.

The plan is understood to have been drafted by one of the six nonexecutive directors who joined the board after Mr Ian MacGregor's appointment as chairman.

It involves the creation of a third body, independent of both the NCB and National Union of Mineworkers, to be responsible for running pits in areas where pits provide the ain source of employment and whose closure would cause serious social disruption,

Its author draws an analogy between the maintenance of such pits and the preservation of unprofitable railway lines and airline routes which serve outlying parts of the British Isles.

Although like Mr MacGregor himself, the NCB's non executive briefed a directors were chosen for their com-

A RADICAL new plan for breaking mercial acumen and track record, it the deadlock in the coal strike is be- is clear that some of them have being canvassed among directors of come increasingly frustrated over the National Coal Board (NCB) for the length of time that the strike discussion at their next informal has lasted.

It is designed to save some of the are said to feel responsible for of-most unprofitable pits from closure fering fresh ideas to their full time

ready been submitted in writing to Mr MacGregor, is based on the assumption that the coal indusry, like any other industry, cannot surrender its right to take executive decisions, such as when to close capaci-ty, without entirely losing credibili-

The proposed new body, however would be able to assess if closure would cause a unusual degree of hardship and whether pits should he kept open for social reasons, thus separating political and social accountability from economic accountability.

# As non-executive directors, they

The latest scheme which has al-

Although the full board normally meets only once a month, the directors have been kept constantly briefed about the progress of the

### Strong public interest in BT share offer

#### BY CLIVE WOLMAN,

MORE THAN a quarter of British opinion poll released yesterday.

Government hopes about the level of private investor participation in the £3.5bn sale of BI shares next month have been further boosted by the number of inquiries from the public.

The British Telecom Share Information Offices in London and Bristol have so far received 700,009 en- Benson, the merchant bank advisquiries. About two thirds have been ers to the Government and BT, said compon requests for further infor- yesterday that he was "surprised mation, and the remainder have and delighted" by the level of public been telephone calls.

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The opinion poll was conducted adults say they are interested in one to two weeks ago by MORI buying shares in British Telecom (Market Opinion Research Interna-(BT) with a minimum investment of tional) taking 'a sample of 2,000 1250, according to the results of an adults in the UK. The poll was commissioned by BT and its advisers as part of a

market research programme to evaluate the £7.6m advertising campaign to interest the public in BT shares. About half the budget has been spent so far.

Mr David Clementi of Kleinwort response. .

Rolfe, London-based international editor of Finance Week of Johannesburg.

Neal Chapmon of the Southern Life Association, speaks in this interview with Richard

Rolfe: You have just merged Southern Life, a mutual association, with Anglo American Life. Why did you see the oced for this merger and what significance does it have for the South African market?

Chapman: The trend in South Africa, Europe and the United States is for financial families to find logic, sense and advantage in coming together. The days when one was looking at banks competing with banks and building societies with building societies and trust companies with trust companies have undergone a material change, so that one is looking at financial families competing with financial families.

I think this is for two reasons. First, the need for product rationalization in the financial services business has become paramount if one is to meet the needs of the market and of the individual. Secondly, the advance of technology, particularly computer capability, is bringing about a changed point of sale and the opportunity to make more sophisticated products available. To live in the market of the future and do so in such a way that you are serving the needs of your customer or your client, be you a bank or insurance company, it makes an awful lot of sense to rationalise products that work off a common electronic funds transfer system and a commoo network.

Rolfe: How big will your company be and what services will It offer?

Chapman: Exclusive of the new shareholders' funds, one is talking about assets well in excess of R3,5hn. The products and services provided by the Southern are both the traditional and the more sophisticated products, which these days are described as universal life or flexible products.

But in addition, the relationship between the Southern and its two new associates, the Anglo American Corporation and Barclays Bank, particularly the latter, opens the door for creative thinking in terms of services and products. So one foresees new products being added to the existing range, some of which may be packaged together with the baoks' traditional products and services and then rationalising their presentation to the market.

#### Rolfe: What complications have there been in finalizing the deal?

Chapman: I think the major effort went into what I might call the actuarial engineering of bringing together a very old, in South African terms, mutual life office with a wholly owned proprietary office. One wanted to achieve an amalgamation of the two companies and the introduction of shareholders in such a way as it bring about e partnership between the policyholders and the shareholders. The final outcome is probably the best of all worlds for both policyholders and shareholders. There is not a single category of policyholder in either of the two merging companies that will be in any way disadvantaged. Io fact, the majority of policyholders are going to find, as they look through the details of the scheme, that their future expectations are both guaranteed to a greater extent than was evident hefore and enhanced in many respects.

The actuarial engineering not only thoroughly safeguards and enhances the interests of existing policyholders, hut it will also produce prospects which will be exciting, and offering a return in keeping with the high quality shares to be issued to the new shareholders. All this became n possibility through the intensive thinking efforts of the actuaries of the two companies, the consulting actuary appointed by the Registrar and the State actuary. It was indeed a very complicated exercise, but the

labour that has gone into it has been well worthwhile as the final outcome testifies.

#### Rolfe: Barclays will bold n significant stake in the new Southern. Do you see any important developments resulting from this tink?

Chapman: Yes, I do. The business opportunities which will result from the link with Barclays will range from a wider and more efficient distribution of the products and services offered by the new group to product development which will facilitate more meaningful money management for all clients of the bank and the life office, including services and product combinations that bridge traditional barriers between the family members.

Thirdly, a cross-utilisation of physical resources will promote standards of service and advice and avoid duplication. It is a natural link, and one finds parallels with this link both in and outside South Africa. The bank network facilitates the fact that the bank is in the busines of financial products, and the ability of the life office to complement those products, are very compelling reasons in believe that the link is going to be a fruitful one.

### Rolfe: What consequences do you see flowing from the significant shareholding which Anglo will hold?

Chapman: Lei's start at the directorate level of the new organisation. Anglo American will bring to the Board of The Southern Life Association Limited the experience and the expertise which is widely associated with the Corporation. Here I must make particular reference to their investment expertise and, the likelihood that they will produce for the Southern Life investment opportunities which might not otherwise have come our way,

#### Rolle: Will you be seeking a listing on the Johannesburg Stock Exchange? If so, when?

Chapman: We went on the second, at the time of ancouncing the merger, that it is the intention to seek a listing for the new Southern. That remains the intention. It is also the intention to do so at the first appropriate opportunity. This is unlikely to he during the 1984 calendar year, but is will be at the earliest

> The Southern Life Association Limited Great Westerford, Rondebosch Republic of South Africa 7700. Tel (021) 653002. Telex 57-27621

Chapman: Our overall objective has been, and will continue to be, maximizing the return on our policyholders' and shareholders' funds, through investment and specifically investment with an acceptable degree of risk. That objective remains the same for the new organisation and therefore no immediate changes to those fundamentals are expected so far as our investment strategy is concerned.

Given the fact that we are obliged as a life office to invest an average of some 43% of our funds in prescribed assets, the discretionary application of funds is limited from the outset. On the other hand, the composition of the new family may well create investment opportunities and lines of investment that were not open to either of the two mergiog narties. In this regard we hope to find that exciting and entrepreneurial opportunities can be identified from within the family and with the family's help.

#### Rolfe: Do you think there is a lack of investment opportunity in South Africa for major South African institutions?

Chapman: One must yearn for an investment plan such as some of our trading partners have where there is freedom to move the funds which we invest on behalf of our policyholders to other parts of the would where the return is a better one, or where there is an exchange profit to be made from being in another currency. I needn't dwell upon the reasons why that is not open 10 us at the present time, but having said that, South Africa has been rich in entrepreneurs, who have come into the market with new companies, new products, new ideas and perhaps because the major institutions are flush with cash, there has been the availability of funds to support and help such entrepreneurs to prosper. There is never a lack of new opportunities within the boundaries of the country. I do not see that changing either. But the authorities have said they are consideriog lifting restrictions on off-shore investments in the foreseeable future and I look forward to that coming about.

#### Rolfe: Personal savings levels have fallen in South Africa, bot the life assurance industry is growing at a rate higher than the inflation rate. Why is this?

Chapman: One can only speculate that this phenomenon is attributable to the aggressive marketing strategies and the ingenuity of life offices compared with those of, say, building societies, in South Africa. In recent years the investment returns achieved by life offices through good, active management of investment funds have been auractive to the man in the street. South Africa is a leader in world terms in sophisticated products and imaginative ways to invest funds on behalf of policyholders. Taken together this has enabled life offices to achieve significant growth even in difficult times.

Rolfe: What are your views about the sheer weight

Mr Neal Chapman

> of institutional funds available for investment in property and equities In the South African market?

Chapman: I suppose it can be said that the weight of institutional funds available for the coulty and property markets has served generally to upderpin pilce levels. But, as we saw in the first half of 1982, and as we are seeing in the middle of 1984, this underpinning does oot prevent a sharp fail when sentiments change. The South African market responds to the same investor sentiment as equity and property markets do in other countries, but perhaps it could be said that corrections and bear phases are more moderate as a resolt of that weight of funds,

#### Rolfe: How do you rate the South Africao Insurance market relative to overseas consterparts?

Chapman: Product innovation, speed of reaction to new developments overseas and the links that we have with the UK, and indeed with the USA have been in the forefront of product design in the insurance industry io South Africa. To this one must add the competitiveness of the market here where we have seen strong and imaginative leadership in certain of the life companies which has kept the entire industry on its toes.

We have seen South Africa lead in terms of the inflation-fighter concept. Southern Life, many years ago, came forward with this and it is still one of the . most popular concepts in our products. We have seen in the space of the last ten to twelve months one flexible product after another coming onto the market, and these compare with the very best in the world in terms of sophistication, flexibility and imaginativeness. Whether one is talking about Anglo American Life's Master Fian or the Southern Life's Adaptor, both rate favourably with the best in the world at the present time.

#### Rolfe: How do you see your involvement in the black market?

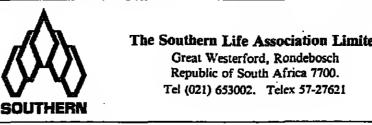
Chapman: Let me begin by saying that The Southern Life Association Limited will make no distinction on the basis of race. Our full product raoge, which is aimed at the upper and middle income groups, will be available to the more sophisticated black market and has been available through both the merging companies in the past to this market. African Life, which is a wholly-owned subsidiary of The Southern Life Association Limited, is a specialist life office, which markets pertinent products to the traditional black market and will continue to do so. The black market in the long term is outstandingly attractive in terms of its potential and we are strongly aware of that.

#### Rolfe: What view do you take of your corporate responsibility?

Chapman: Our mission statement is as clear. I believe, as any mission statement could be on the subject. No business or company is healthier than the community in which it operates. There is a strong commitment to contact, to understanding, to sympathy, to empathy and to positive assistance where we can do so, to meet the heavy social responsibility that rests on all major companies in South Africa. We will endeavour to maintain sound relatronships and to identify our organisation with the interests and the welfare of all the people we serve.

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EDITED BY CHRISTOPHER LORENZ

### THE MANAGEMENT PAGE

### Changing a culture

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# The rulebook makes way for risk-taking

BY JASON CRISP

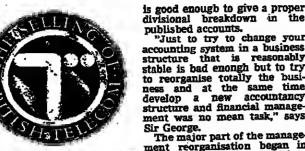
THE comfortable and well-paid The comfortable and weil-paid life of the typical British Tele-com manager bas been rudely interrupted by attempts to con-vert this entrenched bureau-cracy into a fast-moving com-mercial concern.

Until very recently the BT manager could bank on steady promotion, Little risk, and a guaranteed job until 65 followed by retirement with an inflation proofed pension. Now many managers over 50 are being forced to take early retirement. Key jobs are going to a new breed of keen young turk or to outsiders from pri-vate industry. And for the first time in hving memory risk tak-ing is encouraged, responsibility is being pushed back down the organisation and managers are being asked to manage.

As part of the old General Post Office, British Telecom was until 1969 a government department. Its management, depart-ment. Its management, its culture and its accounting systems were all those of the civil service and completely un-suited for being thrust into the commercial world.

Changing this culture is one of the toughest challenges faced by any British management. Customers, competitors and suppliers acknowledge their surprise at the speed with which BT has reacted to the new com-BT has reacted to the new com-petitive environment. But embarking on its first serious inside BT there is turmoil, in-attempt to decentralise and fighting and uncertainty as it break down the structure of a tries to adapt to its new role. large and powerful central Sir George Jefferson, who became chairman of BT four much of its line management by years ago, has reorganised the similarly large regional head-corporation, developed decision quarters. making away from the centre and permitted limited internal and permitted limited internal B1 ne was competition as a means of found. At the time BT had sales boning its very blunt commer-cial edges. The result, so far, more than £1hn a year on fixed that shore is very little sign assets and employed nearly a set of a million people. Yet is that there is very little sign of a clear strategy, but some deeply held attitudes within the company are beginning to

Deryk Vander Weyer, former banker and deputy chairman of



entrepreneurial or responsive to customers. Decision making operationally should be as close to the customer and as close to the product as you can dare to put it. You get more responsiveness and efficiency if

The idea of decentralising and making BT more responsive to customers is far from new. As long ago as 1932 the Bridge-man report on the GPO said: "The centralisation of adminis-tration and the higher executive

functions has tended to denude ... the provincial staffs of real responsibility and authority, and has inevitably imposed an undue rigidity where, in contact with the public, flexibility is required."

When Sir George first joined quarter of a million people. Yet BT's £179m a year research and it had no effective accounting development activities.

BT, says of the old style: it could not decentralise with Supplies large businesses with "Managers were less managers out proper commercial financial telecommunications equipment of a business than administra- controls and e new accountancy through major account manators of e central rulebook. It system is still in the process did not encourage managers to of being introduced. It will be manage or to be in any way several years before the system

"Just to try to change your accounting system in a business structure that is reasonably stable is bad enough but to try stable 15 bad enough out to try to reorganise totally the busi-ness and at the same time develop a new accountancy structure and financial manage-ment was no mean task," says Sir George.

The major part of the manage ment reorganisation began in 1982 when BT was divided into four divisions. This was in-creased to five last year when the inland division was divided into national networks and local communications services. The structure now is:

responsiveness and enciency in structure to the section of the people who understand the busi-ness at the front line." Section of the peritive arm for products and services. The majority of its sales are to other parts of BT which ectually supply the products to the customer. It is responsible for product strategy

of all customer equipment offered by BT ranging from large exchanges for business to telephone handsets for the home BTE also supplies a number of specialist services from cellular mobile radio to the Yellow Pages directories. BT International. The highly

profitable international division was the one part of the old organisation which was run with some independence from beadquarters. It is responsible for incoming and outgoing tele-communications to and from this country. Development and procurement.

Last year spent nearly £1.5bn on behalf of BT. It is respon-sible for all purchasing, other than customer equipment bought by BTE, from telegraph poles to System X telephone exchanges, Also responsible for

assets, could barely identify its National networks: Responsible assets and had no real idea of for the trunk telephone network where it made or lost money. in the UK including private The BT board recognised that leased circuits and telex.

£2hr Local communications services. BT's largest division by any measure. Employs over 200,000, capital employed is estimated at £6.6bn and has gross revenues of over £4bn. Runs the local tele-phone network including the

provision of almost all customer equipment, billing, operator services and call boxes. Most of the divisions have been making substantial changes within their individual

organisations, creating profit centres and introducing marketing, a much-neglected art under the old regime. One of the results has been the creation of a marked tension both between the different divisions and between the beadquarters and the local management. For example, BTE has had to fight its corner particlarly hard.

The conflict arises because BTE is responsible for choosing and pricing the products which National Networks and LCS are then responsible for selling. The local areas argue that often this is little different from the gers. It also provides digital time when products and prices X-stream services to business, were imposed by central Total revenues last year of over bureaucracy, Both National Net-

works and LCS have done deals directly with manufacturers which have caused considerable Jobn King, a former IBM executive who joined BT last year as board member for rows when it involved a significant product. Iain Vallance, managing director of Local Communicamanaging marketing strategy, believes there are several particular activities

tions Services, says there is e degree of creative tension be-tween LCS and BTE: "The tween LCS and BTE: "The important thing is to make sure it remains creative and does not get silly. I think that the balance, after a running-in period, is fairly close so that we now have quite a strong input into the determination of BTE's product line."

Although it is the clear aim of the organisation to decen-tralise, there are certainly traise, there are certainly strong pressures to carry on making many decisions at the centre. Decisions deliberately being kept at the centre include capital investment, senior management appointments, government and public rela-tions and major customer relations relations.

The tensions between the centre and the divisions are particularly apparent where there are central functions such as personnel and marketing JEFFERSON

Chairman

CHARL MET?

Personnel and

DÓDGLAS

balance between the centre and the operating units is about right at the moment given the state of BT's accounting sys-tems: "I think that as our information and accounting systems improve we will be able to go further down the line."

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further down the line." But the greatest test of BT's ability to change its manage-ment style will come in LCS, for most customers the key point of contact with the organisation. "It's fair to say that if LCS sneezes, BT catches a cold. So if we don't get LCS right, we don't get BT right," says Vallance, who at 40 is BT'a

youngest board member. So far LCS bas scarcely been touched. LCS consists of three tiers: headquarters, 10 corporate three tiers: headquarters, 10 regions (which were first estab-, lished in the 1930s) and 61 local areas. "That structure is born and bred from monopoly." says Vallance. "It'a a nice hierarchical bureaucratic type of structure, that has to be wound down." which have to be performed centrally. These include the establishment of uniform incentive schemes and career paths for salesmen, the co-ordination of market research and intelligence and the form of customer contracts. "Putting The major reorganisation of

no finer point on it I would say we are in a period of trying to adjust the balance between wbat is sensibly devolved and what is sensible to remain at LCS has yet to happen and there are signs that it is proving difficult to agree. The intention is to reduce the size of the headquarters, to abolish the intermediate tier of regions and reduce the number of local areas. In place of the regions LCS is dividing the country into five territories. "They won't be organisations in their own right, merely in their own right, intervy extensions of the headquarters placed in geographical loca-tions. They will be very small, each with less than 50 staff," says Vallance.

The 61 areas are to be published on Friday.

Skilled

turned into 24 districts. This partly reflects the difficulty in recruiting enough general man-agers to run this aort of business. The new districts and the customer service areas beneath them will be computerised and they will be expected to build up their commercial muscles by recruiting sales, marketing and accountancy people. Vallance says: "A lot of the rimning of this organisation is actually very simple and straightforward,

A lot of things that were lack-ing were straightforward bread and batter management." It is far too early to indge whether BT is achieving a genuine cultural change. BT

senior managers ecknowledge the organisation is still in a considerable state of flux and considerable state of 'hux and there are considerable tensions, Sir George Jefferson com-ments: "Clearly we'are in 'a dynamic situation. I do not re-gard any organisation structure as being right for all time. We have to adapt to the changing

have to adapt to the changing environment and the market. "... I think the balance is not had. My present feeling is that I have to keep the halance right between the great en-thusiast who wants just to go off and do absolutely his own thing with no central over-sight at all. And the other side who say 'oh golly, we must take this all back into the centre and keep control of it."

keep control of it." Only four executive Board members were with theorganisa-tion in 1979, not eight as was stated in the leader page feature on Monday, the first in this series. The next article will be

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SIR GEORGE

which responsibilities.

BT

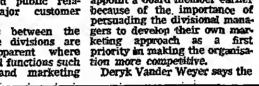
MANAGEMENT

JANCES

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STRUCTURE



THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK bave company-wide

and

the centre," be says.



### **THE ARTS**

Television/Christopher Dunkley

### Long live this British 'crisis'

A fascinating paradox charac terises current British television: on the one hand there is a perpetual feeling of crisis within the business, almost of imminent doom, yet on the other hand it is clear from virtually any yardstick yon care to use that television is one of the few areas in which Britain is sustandingly successful. In the past couple of years the sense of crisis has stemmed from various causes. First it was "the missing millions" and the shrinking number of hours that viewers were spending in front of the screen. Then it was iron of the screen. Then it was the declared "failure" of Chan-nel 4 immediately after its launch. Near came the ihreat from cable television, closely followed by the BBC's supposed capitulation to American com-mercial values with Posorima being replaced briefly by The Thorn Birds. Thorn Birds.

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Now, with the BARB figures showing that viewers are watch-ing a record amount of televi-sion (22 hours 19 minutes per week of september compared to 194 hours last year and 18 hours the year before); with Channel 4, established as the most ina. eschelaned as the most in-teresting in Britain and pro-bably the most unusual in the world, often attracting six and even seven per cent of the weekly audience; and with the cable threat hull down on the interest hull down on the futures horizon and still reced-ing, the neurotic folk of thevision are reduced to more esoterie anzieties. Today they are worrying about what will happen to the purist public service traditions of the BBC if the corporation really does chimh into bed with ITV in order to operate Direct Broadcasting by Satellite (though it looks less and less likely). Worse, they fear what will happen to British hroad-casting if the BBC and ITV fail to get it together and the DBS baby is left to be fostered by Mr Murdoch or some unholy alliance in Luxembourg or Monaco, Many of them. and not only those in the BBC, are

nervous about the Thatcher Government's attitude to the licence fee negotiations. And with renewed attempts in several places to hybrid-ise movies and television drama there is once again fear for the future of the cinema and the effect upon television if the



Tim Curry, Dermot Crowley and Debby Bishop in 'Blue Money'

of course been previous alarms and excursions, today's perma-nent sense of foreboding is something new. Perhaps if has its roots in worries outside television-the miners' strike, massive unemployment, the own Channol 4. They would be justified in making at least some moral claim to the honours since they were the co-producers and only barred from entering the Italia on the lack of consensus in society-because it certainly does not seem to be justified by the record of British broadcasting grounds that they are part and parcel of ITV. France's three networks all enter separately. in the area where it really If you look at this year's

counts: programme making. major North American pro-gramme festival in Banff you again find British television the most successful, winning major prizes for Kennedy, Kirk Up The Eighties and Rumpole. It is true that the autumn season is supposed to be the highspot of the television year and that this year's lacks a certain something; the single hrilliant series capable of lend-ing a lustre to everything Last month the Americans awarded Laurence Olivier an around it. There is no Brides-head no Life On Earth no Civi-Emmy for his performance Granada's King Leer, and so lisation or Jewel In The Crown the list goes on. What is more, returning to to make autumn 84 a memor-

able season in years to come Britain after spending a fort-night at the Italia watching But if you look around the world at international measurewhat other countries believe to ments of achievement there is be their best programmes, our own autumn season looks remarkably impressive even withont a Brideshead or a Civilisation, Ironically the two most heavily promoted drama items—BBC2's Dr Fischer Of not another country whose tele-vision comes near to Britain's in its record of success. At the Prix Italia festival just held in Trieste David Leland's IIV play about a rebellious skin-hesd. Mode In Britain, carried off the Prix for drama. This maintained Britain's unique record at the Italia, taking our Genera and ITV's The Glory Boys—were both seriously Sawed. The Graham Greene

business for 15 years it seems was won by The Tragedy Of of its set-piece dinner party clear that although there have Carmen which, although it was scenes. of course been previous alarms entered officially by Antenne 2 And although The Glory and encursions, today's perma- of France, was initiated by our Boys had a few moments of Boys had a few moments of impressively filmed fast action it was about an hour too long and too often laughably incredlhle: polleemen gazed at the sky as gun-toting terrorists chased and attacked the huild-

ing they were gnarding, and an airport official nonchalantly gave a lift to the gunman to get him past a military cordon. camera and sound backing off into longshot to avoid the diffi-culty of explaining the terro-rist's method of persuasion. Yet even leaving those aside

British television still offered more first rate drama than you could hope to find, judging from the international evidence, in one week in any other country in the world. On Thursday Channel 4 screened Home Video, 2 wickedly clever single play by Lesey Bruce in which the Staples family'a "bome video" prepared for son Alan in Australia ruth-lessly yet impassilevi revealed all the skeletons in the family cupboard.

On Sunday ITV produced Blue Money, an edgy comedy by Stewart Parker with delightin the supply dries up. off the Prix for drama. This Boys-were both seriously fully zappy direction from experiment, there was a constrained in maintained Britain's unlique fawed. The Graham Greene Colin Bucksey, and Tim Curry adaptation in dustries live in a pretty similar record at the Italia, taking our adaptation, though marked by (under-used by television) as to be the tries are Sweden and France title role, failed under the suitcase full of hot fivers, pur-vision just happens to be the tries are Sweden and France title role, failed under the suitcase full of hot fivers, pur-direction of Michael Lindsay. Such by everybody from the British television continue keeping a close eye on the Moreover the music category Hogg to live up to the standard South American Mafia to Billy means work of this sort.

Serkin/Barbican Hall

men fetched np on the Mar-seilles waterfront and downing Connolly with a blow-up doll. cheap wine and meths as they stagger, demoralised and up-Even though producers June Roberts and Jo Apted should rooted, through their tricks, have had the courage to take 20 minutes ont of it and turn Two English photographers con-verge on them: Jim, for one it into one of the slickest, tightest, fastest bits of tele of his colour-supplement features on the world's suffervision ever, it was nevertheless ing, and Donald for a backthe best thing of its sort to come along since Rock Follies. ground to the sumptuous fur coat modelled by his glamorous Then last night BBC1 showed black assistant. The two were once friends and rivals. Most of Act I is a the last part of its new adapta-tion of The Invisible Man, a flashback—not too sharply dif-ferentiated from the present in Pip Broughton'a Warehouse pro-duction—to their college days in Blackpool, of all nulkely

story you might have thought had been done to death by cinema and television until you saw this production by Barry Letts in which James Andrew Hall'a adaptation conveyed the real essence of Wells' story and Brian Lighthill'a direction placed it firmly in its Victorian context.

for were the notable pro it is presented by former Fleet Street editor Derek Jame son who sounds like a shrewd barrow boy and has that un-canny knack of addressing a camera as though it was a crowd of old friends in a pub.

Commercial Breaks, also on BBC2, gave a fascinating (and, to those of us who work in Fleet Street, cautionary) glimpse of the personal and personnel techniques of Robert Maxwell. River Journeys brought beautiful pictures of the With and came Biotures of the Nile and from Brian Thompson a thoughful and literate script which would simply never reach the acreen in most countries; and the South Bank Show brought us "An English-man at Home," an autobio-graphical sketch of Alan Bennett which was both funny and very sad. It was Bennett'a play An Englishman Abroad about the extraordinary meeting in Mos-cow between actress Coral Browne and spy Guy Burgess which packed the viewing rooms in Trieste fuller than they had been for any other programme, and won the International Critics Prize for the best pro-

gramme in the festival. Having refused with the other British critics to vote in this award because there was no check on who watched what. and having happily seen the festival's General Assembly decide to abandon the critics award after only a two year experiment, there was a certain paradoxical satisfaction in secing the second and last such prize going to the right pro-

Long may the "crisis" British television continue if It

### Fire-Eaters/Croydon Warehouse

### **Martin Hoyle**

trouble for the omployers, as ting a wounded Jim in some the starting-point of a hype, unnamed war-zone. Her uncer-thetical photo-journalism story, tainty as to which direction to for his photography course. - tako sums up, 1 suppose. r his photography course. I take sums up, I suppose, References to pirates and the unreality of the trade Treasure Island underline the emphasised by Tim Briorley's

13

Treasure Island underline the apparent message that pro-fossional photographers, whether of hattlofields or. plastic strawberries gleaming tigbter pace and sharper with glycerine and cups of glossy black treacle standing in for coffee, are manipulative and immoral. The respected Jim. fresh from another harrowing Third World assign-ment, admits to perpetnal fence-sitting and, with less excuse than anyone, moral out a convincing Intermodiate period—but then Mr Briorley's boyisb McCullin-surrogate scar-cely ages in 12 years. In her stage debut Amanda Pays (Jomma) displays an attractive erasiveness. His rigorous ideals forgotten, Donald, the unloving presence and incomplete tech-

In Blackpool, of all nnlikely gotten, Donald, the unloving presence and incomplete tech-places. Shy, working-class York-marriage of convenience to nique; Amanda Symonds's shireman Jim loses posh Jemma Jemma almost destroyed, is Maggie, the assistant, half-to ruthless Donald. The latter's warped with artistic insecurity Irish, half-Wost Indian, wholly pursuit of objective truth—"de-tachment is everything"—leads The opiloguo depicts the father, cancerous from pesti-studio, fur coat improbably neither the characters nor the replaced by bartledress, help-, argumonts.

### Treasures of Italy/Arezzo

#### William Weaver

Though its church of San one hundred preclous objects, Francesco bouses the great almost all from the Museo Archoologico of Floronce. This della Arezzo exhibition was all the more welcome because the Florence museum has been partially closed for many years, and only a fraction of its vast collection has been visiblo. For most of the hundred objects this Arezzo show was a return to life. The objects - necklaces, buckles, combs hairpins - are

mostly small, and require close, intense inspection. Their designs are ofton Oriental in character, stylized patterns of palmettos and sphinxes, Greek keys interlocked, suggesting that, almost three thousand years ago, the peoples of the Italian peninsula had links with peoples to the East. The hand-some catalogue, with dozens of illustrations (many in colour), presents the pleces in larger-than-life size, with scholarly-

and occasionally pompons—de-scriptions. The publication, ob-viously intended for scholars. appeals also to the laymen; it

In planning the exhibition, the Arezzo authorities were bearing in mind also the fact that 1985 has been designated as tho "Year of tho Etruscans," and this show is actually the first in a serios. Florence will mount a general, panoramic "Civilisation of the Etruscans," somo time next year. Volterraand then Chlusi-will present "Etruscan crafts;" Siena, "The Palaces," Arezzo (again), "The Sanctuaries of Eruria;" Cor-tona, "The dicovery of the Etruscans;" and the Portoferraio area will sponsor a show devoted to the Etruscans as miners. In Florence, too, there will be an exhibition about the "fortunes" of the Etrus-cans, which will he an examin-tion of the industry of the ation of the influence of the legend of this mysterious nation on modern culture.

The Year of the Etruscans has not yet begun, hut already it has borno fruit. The authorities recently announced that, in the course of 1985, the **Museo** Archeologico of Florence will be completely restructured, and its invaluable-and virtually invisible-hoard will be on view in a logical and appealing



frescoes of Piero Francesca, though it boasts a splendid Etruscan Museum

The fire-eaters of the title are redundant North Sea trawler-

splendid Etruscan Museum and a number of other collec-tions and buildings, Arezzo is not a tourist city. It is really a business town. And one of its chief businesses is jewellery: most of tho gold imported to ltaly comes bere, where it is fashloned into wedding rings, souvenir medals, award trophles, is well as nothered to business. is well as pecklaces and bracelets and brooches. The regular trado fairs-not open to the general public-attract exhibi-

tors and buyers from every continent. But at the most recent of these fairs, a few days ago, husiness and pleasure, or rather com-merce and culture, were happily mixed. While shopkeepers and mambants floated into the bis merchants flocked into the big Conforence Centre, are lovers

were able to inspect a very different display of gold and silver (and ivory and bone) objects in a small, wooden structure in the Center's come could easily inspire some of and its inv pound, specially constructed for the modorn jeweilory that will ally invisible the occasion. The single, sealed bo shown in Arezzo in the next view in a lo room contained infinite riches: few annual shows at the Centro, installation.

On Your Toes

Galina Panova has taken over

the role of the Russian ballering in On Your Toes (at the Palace)

for most performances (Doreen

Wells appears twice a week), Panova looks and sounds right

on target but her dancing lacks

#### David Murray

Tannhouser has acquired a new ter, turns grey lower down and leading tenor; it doesn't seem is inclined to cautious lunges to make much difference. at the top. During the first two to make much difference. Probably no vision of the opera could survive Kenneth Mac-Millan's Venusberg dances at the start, textbook sexual a distinguished Tamhäuser figures executed by cold-before him, but no; the voice blooded lizards, and Eva Ran-simply failed to open, and none dova'a strident Venus doesn't of the high points thrilled. It raise the temperature by a single degree. What sort of wandering minstrel could possihly be tempted by this lonche ménage?—especially since his hometown girl Elisabeth, in the person of Gwyneth Jones, proves to be all appealing warmth?

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warmin? The new Tannhäuser, Spas Wenkoff, has his own solution to the riddle, which is to wear --throughout Act 1, and on all subsequent occasions when imnxed grin of an axe-murderer. the orchestra became palyably This is not a good solution, more alert with Elisabeth's though it is quite interesting, arrival, but Davis bustled Closing one's eyes (instinc-tinvely), one discovered thot sional music at the expense of Wenkoff's tenor has a good its period pomp and flair

### The Royal Opera'a doll new virile bite in the middle regis acts one supposed him to be saving himself for the Rome narration at the end, like many a distinguished Taunhäuser is a sturdyy performance, of some intelligence, and other some intelligence, and outer nights may go better. Besides Miss Jones, Thomas Allen lent cultivated life to the charade with his Wolfram, though his timbre was not ideally hroad nor lustrous. Horst Laubenthal's Walther was excellent in ensembles, not very striking in his contest song. The conductor Colin song. The conductor Colin Davis, like the producer Elijah Moshinsky, seemed to despair of making anything of Act 1;

#### Max Loppert

The cycle of Mozart piano than Serkin's way, which piano sonority, remains untarconcertos on which Rudolf Ser- appeared to prescribe Olympian pished, a sound that can be calm throughout "Appeared." kin, Claudio Abbedo, and the London Symphony are engaged, because the tempos for all three movements were each on the relatively slow side, allowing both in the concert hall and on record, has numbered some disthe planist to spread out his phrases and his thoughts (and, in the slow movement, those appointing episodes during its slow progress-performances that made one unwillingly won-der whether the Serkin mastery had at last been dimmed by time and old age. Monday's account of the E flat concerto, K432, was emphatically not one of them: it could have of the wind consort) at leisure. But, in fact, the thrill of this more of either. performance was derived above all from the myriad subtle differentiations of mood, style, and declamation beneath tho of them; it could hardly have been better chosen, indeed, to sustainment of an Olympian restore faith in the planist's greatness, and in his quite special qualities as a Mozartian. facado. One hangs on every note that Sorkin sounds; his ability to make beautiful sur-prises of the simplest inter-Thore are many ways of rupted or whole cadence, to conceive of and then render the music in phrases that lead playing the E flat, that "queen" among the mature Mozart con-certos, as Girdlestone called it. Lively, high-keyed responseson unbroken to others and to whole paragraphs, is on this showing undiminished. And the Serkin sound, that strong, full-bottomed, uniquely decisive to the E flat huoyancy of the outer movements, to the C minor anguish of the central Andante-are more common

ome of the clan of Natalia Makarova. Tim Flavin has grown in confidence and is now a good match for Panova, in particular in the "Slaughter on Tenth Avenue " finale, (plctured here) so much better than the unhappy cod ballet which turned to the most radiantly ends the first half.

simple lyricism while always But then the whole show retaining its intimations of divides unequally into two, a dull and twdry experience until the interval, under-cast and hardly of West End standard. grand (but never pompous) seriousness. On this occasion there was less singing, and less heel-kicking, than usual-not that one would have minded Later, primed by the "On Your Toes" sequence, the perform-acces take off and suggest what might have been. Abbado and the LSO provided

Saleroom

#### willing, responsive accompani-ments; ideally, a pianist of Serkin's calibre deserves orchestral playing that is no less decisive in mastery, but at least the musicians were ready to fol-A Royal Marcolini Miessen low the suggestions of the plane solo. Things had been rather chocolate and coffee service, produced between 1775-80 and less happy-scrappy, tense, and tightly straitjacketed, all at once still in its original caso, was sold at Sotheby's yesterday for -in the opening Foir Melusine Overture, a Mendelssohn per-formance of a kind to detor this Mendelssohnian from stay-£82,500, over twice its estimate. It was from the estate of the late King Umberto II of Italy who died last year and bad been ing for the Italian Symphony after the interval. in his family from the start.

Oct 5-11

### Arts Guide

### Theatre

#### NEW YORK

Baseley in the Park with George (Booth): Not your conventional mu-sical. Suppler Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seural's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (23) 62021. (239 6262).

Cats (Winter Garden): Still a sellout, or Nums's production of T. S. Eliot's children's poetry set to tren dy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396202). (2nd Street (Majestic): An immodes

42nd Street (Majestic): An immodest calebration of the heyday of Broad-way in the '38 incorporates genus from the original film like Shuffle Off To Buffaic with the appropri-ately brash and leggy hoofing by a large oborus line. (WT9030). Tawn Song Trilogy (Helen Hayes): Harvey Figrstein's coulient and purching shory of a drag queen from

touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the conformation with his doing Jewish mother. [9449450]. resmpiris (Imperial): Michael Ben-netia intest musical has now benett'a latest musical has now be-come a stalwart Broadway presence despite the forced effort to recrea the career of a 1966 female pop group, a la Supremes, without the quality of their music. (2396200). On Your Toes (Virginia): Galina Pano-

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va with presumably a genuine Rus-sian accent leads an exuberant cast in the remake of Rogers and Hort's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

on Beack Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect s long run of his fumy as well as touching childhood reminiscences now that the Nederlander organiza tion has generously decided to name the theatre after the generation's outstanding box office draw.

(7578646). Chorus Line (Shubert): The longesttoberus Lime (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as audi-tions rather than emotions. (239 6200).

(2596200). loises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage stapstick farce to Broad-way in Michael Blakemore's produc-tion that includes Brian Murray, Paxton Whitehead and Victor Garher as her backstage conspirators.

American pinneer women's descrip-tions of their work in making quilt blankets, Molly Newman and Bar-bara Damashek's musical arrives in New York remounted from its mod-est origins in Denver. (307 5452).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick'a tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (\$358108).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back-stage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

(3453430). **The Real Thing** (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelli-gentsia, with a new found attention (absocos). starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskat-ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indications of the spielberg for the spielberg and a dwindling reliance on to the heart that beats beneath the weber, directed at a fast clip by Mike Nichols. (239 6200). ' Glengarry Glen Ross (Golden): The Chicago cast from the Goodman

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Theatre provided David Mamet with influences. Pastiche score nods to a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (2396300). ann in Gileod (Minetta Lane): John wards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184). West Side Story (Her Majesty's): Clas-

Music/Monday, Opera and Ballet/Tuesday. Theadre/Wed-nesday. Exhibitions/Thursday. A selective guide to all the

Arts appears each Friday.

LONDON

vest size Story (Her Majesty's): Clas-sic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreog-raphy remain breathtakingly intact. (consate) sum m Gilend (Minettz Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-cycd, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (4208800). milters (Jack Lawrence): Based on (930 6806).

(950 boos). On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a bril-liant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems in-clude There's a Small Hotel, Gred to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenue. (4376834).

#### WASHINGTON

Master Class (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the gauge of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254 \$870).

Zerba (Opera House): Anthony Quinn makes the theatrical production, which co-stars Lila Kordova and gets a rousing lift from the bouzouki score by John Kander and Fred Ehb, directed by the film's director, Michael Cacoyannis, Ends Oct 14. Kennedy Center (254 3770).

King Lear (Foiger): The 15th anniver-sary of the replica Globe company starts off ambitiously. Ends Nov 4. (5484000).

indiscriminate rustling around. Dis-neyland, Star Wars and Cats are all

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CHICAGO Candide (Goodman): The first mus

produced at the Goodman since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim, John Latouche and Rich ard Wilber, Ends Oct 28. (4433810). aby With The Bathwater (Remains) Christopher Durang's comedy of the contemporary American family leans to the zany in the local pre-miere directed by Donaid Moffett. Goodman Studio. Ends Oct 21. (4333800). Stage Struck (Steppenwolf): American premiere of Simon Gray's murder

mystery about a stage manager who takes revenge on his actress wife and his psychiatrist. Ends Nov 4. (4724141). The Fifth Sun (Victory Gardens): Ni-

archhishop Oscar Aroulio Romero. Ends Oct 28. (8713000).

The Cherry Orchard (Imperial Thea-The Cherry Orchard (Imperial Ineg-tre): Chekhov's masterpiece in Ja-pan, directed by RSC's Clifford Wil-liams To residence' since August. The Toho Company. (2137221). Cats (Cats Theatre). Approaching its first birthday and therefore Japan's longest-running (consecutive) play, this Japanese version is worth see-ing. Excellent set, good dancing, Kabuki-derived movement. Shiki com-pany directed by Keita Asari (3201001).

The Nerd/Aldwych

### **Michael Coveney**

I reckon that you will find The Nerd either very funny indeed or not funny at all. I found it very funny at all. I found it very funny indeed. Rowan Atkinson is the epony-mous bero, a dismally unfortun-ate chalk inspector from the American Mid West who arrives in the house of an architect to party piece of removing socks and shoes and placing large naper bags on heads. take up a standing offer of hospitality. In Vletnam, be saved Willum's life. He arrives on

Willum's hirthday and stays for poking the husinessman's eye, dropping the bag of socks into This Nerd who comes to

a slimy trash can outside, reducing the others to bis own stupid level.

in subile plot on the boil.

who enters as a green monster and proceeds to congratulate the other guests-a husiness-men and his teacher wife-on their fancy dress. This couple bave a destructive son who is frightened out of his wits hy the infantile behaviour of the adults, especially of Rick. practicising a truly Nerd-like version of "Hey Mr Tambourino Rick is the perennial social hurr, the unselfconscious public Man" with sheet music and who greets every tambourine.

expression of hostility and Mr Atkinson uses his revue resentment with a cheerfully timing and natural oddity to accommodating grin and a suggest a strange, slimoy, almost brilliant suggestion for prolong- amphibian creature cursed with ing the agony. He takes over the sort of physical sloppiness an after dinner charades game that brings him back from the and replaces it with a loony toilot with half a lavatory roll next, place of remoting crefs hanging like a tall from his hanging like a tall from his trousers or finds him casually smelling his armpits and socks

In such sequences, Mike in a crowded room (was it Ockrent's production is bliss- Jonathan Miller who said yon fully ludicrous, Mr Atkinson, a only did this sort of thing in madcap master of the revels, the privacy of your own railway compartment?),

The Nord expulsion plan involves a ritual dinner where, for the main course, the guests are required to watch an apple various plterior motives: Nerd bas a bit of white shirt dox) wants to take has made peeping through his die Willum's girlfriend (Mary Mad-dox) wants to take her man has had printed 20,000 cards with her to Washington; Willum announcing his new partnership (Michaol J. Jackson) needs the with Willum. The pagan desbusinessman's botel contracts; sert culminates, of course, in and Willium's hest friend, Axel the Nerd leading the company the drama critic-certainly not in a silly war dance, a jumping a Nerd-has an altogether more conga of folk hitting thoir own heads,

Rick just wants to stay put Harry Ditson is sharp and and, aftor the interval, the witty (what else?) as the drama indoor washing line is up. critic and Bridgot Turner's Inevitably, a wet sock is teacher has a moment of glory squeezed over Willum's draw- when she patiently explains to income the source of the ing board (lot of blue dye in the Nerd that she works with that sock). Rick is ensconced slow learners. "Who could they in a sleeping bag on the sofa, possibly be?" Rick seems lo be saying as he points his inquisi-tive nose and rapacious upper llp in the direction of the next sucker, the next meal.

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choias Patricea's new topical drama uses masks and ritual dances to ex-plore the 1980 death of El Salvador TOKYO plaster on the stems, natch)

bore

dinner is a particular American type, according to the author Larry Shue. "There are no English Nerds" be proclaims confidently in the programme. I am not so sure, although I am prepared to admit that a Berk, a Herbert or even tho more recent Wally is not quile the Nerd-like equivalent of Mr Atkinson's Rick Steadman, Rick is a rubbery lipped squeaky-voiced specimen in half-framed spectacles (sticking

a week.

### **FINANCIAL TIMES** BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

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Wednesday October 10 1984

**The Democrats** in disarray

MR WALTER MONDALE did Johnsoo would have done in well, but not quite well enough. 1964. Once the Democrats be-lif, as seems likely, Suoday's lieved that the federal govero-ment could build model cities debate on Americao television and a Great Society. Now they does mark the beginning of the Democrats' revival from the nadir of their fortuoes, but if that revival is nothing like stroog enough over the next month to wipe out President Reagan's lead, then Mr Moocases quality as a candidate will be reassessed. The verdict is likely to be that, even if Mr Mondale's voice rould bave a more ronfident ring, the Demo-cratic party's difficulties are not caused by their candidate's ner dale's quality as a candidate 

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cieocies in the party. Nor is the party's declice to the conservatives have shaken be explained only in terms of the bellef that governmeous the old Democratic coalition alooe cao successfully attack haviog falleo apart io demo-graphic or ethnic terms, or by dale's strangely balf-bearted the embourgeoissement of for-attack oo President Reagan oo mer blue-collar Democrats. Not even the now-fashionable talk the tentative nature of the mer blue-collar Democrats. Not Sunday showed that. So does even the now-fashionable talk the tentative nature of the of a "political ecocomy cycle---- criticism, by Opposition and the latest jargon for Buggin's Tory wets alike, of Mrs turo---satisfactorily accounts for Thatcher's failure to put the the Democrats' disarray.

The fact is that the Democrats are disunited. They are in danger of losing not only their chances of recapturing the presidency, but also a substantial oumber of seats in both bouses of Congress, because they have lost confidence in their own philosophy. Specifi-cally, they are oo longer sure they believe in one of the centenets that united them under Presidents Roosevelt. Trumao, Kennedy and Johnson; their faith in the efficacy of gov-ernmeot Intervention both to stimulate the performance of the economy, and to distribute its product equitably.

#### Fairness

The Democrats, Mr Mondale said on Suoday night, believe in fairness. The trouble is that they are no ionger quite so sure as they were how to go about creatiog a fairer soclety. Mr Mondale was asked specifically what the role of the federal tovernment ought to be in deal ing with the economy and with what he has called "the fairness what he has called "the fairness tions to replace their tradi-issue." His reply was noticeably tional faith in government if equivocal. The federal govern- they are to become a credible ment must work with cities, with minority leaders, with busi-

THE "Relayoch of Europe" so grandly heralded at the EEC's Fontainnobleau summit last June is turning out to be a messy and far from stately lurching down the slipway. The combined forces of the Community's foreign, finaoce and farm ministers met in Luxembourg last week, charged with resolving a range of vital issues which have bogged down the Community for the past months and years and embitered relations betweeo mem-

there is the second sec get contribution with budget discipline, and an iocrease in EEC finances with enlargement

EEC innoces with enlargement of the Community. On paper they achieved re-markably little. So what has happened to the bigh bopes of June? Is there a danger that the precarious Fontainbleau package will somehow become unravelled over technical detail? Inevitably the primary coo

Nor are they alone. It is im-possible oot to be struck by the parallels between the shift in intellectual fashion that under-lies the Democrats' decline 10 Inevitably, the primary coo-cern in Luxembourg was the budget: bow to control it, how to floace it, and immediately America, and what has been bappening in Europe. We are how to find the cash to prevent imminent bankruptcy. A close second came the far-reaching oegotiations to finalise the terms for Spaio and Portugal to join the Community, sup-posedly by Jaouary 1 1988. hTird priority, but one related intimately both to the budget crisis and to enlargement, was the questioo of how to drain the ever-increasing wine lake. A way bad to be found of con-trolling the surplus productioo of low-quality table wine, which could be increased hugely beyood the preseot 3bn litres once Spaln joins the

Common Agricultural Policy, putting a further impossible burden on limited resources. The mioisters did succeed in robbling together a short-term deal to tide themselves through the immediate financial crisis. But they failed to finalise the terms of bow long-term budget discipline will be enforced. Nor Yet oo the right of the poli-tical spectrum there is at least could they agree oo wheo to increase their own cootribu-tions to the commoo budget, a cohereot economic philosophy, one that puts much stress on

to prevent the Community staggering on from one cash crisis to another. As for the enlargement talks,

removing rigidities in labour and product markets, on proand product matters, on pro-moting competition and oc cor-recting distortions in the tax and social security systems. Sceptles may argue that these they only managed to agree oo one tiny part of their overall negotiating brief-how much cane sugar Portugal will be prescriptions are a occessary, not a sufficient condition for economic revival; the riposte is that they bave oot yet beeo put allowed to import from its tradi-tional suppliers after its acces-sion. The farm ministers sion. The farm ministers thrashed over ways and means

of limiting wine production without any conclusion, unable to resoive the fundamental The intellectual gap is on the other side. In Britain, the rump of the Labour Party bas fallen back on the policies of desperadifferences between Italy and tion: "real socialism," ro-nationalisation, the siege economy. In the United States, tradition deprives even the most France.

M. Jean-Pierre Cot, the Freoch Socialist chairman of Freoch Socialist chairman of of the Community, leaving a the budget committee of the gap of possibly more than European Parliament, described Ecu 3bn for which finance has the outcome of Luxembourg as yet to be found. The deal did both "a relief, and a grave little more than paper over the

the spiritual cousins in Opposi-

disappointment, M. Cot declared, becaose the whole deal smacked

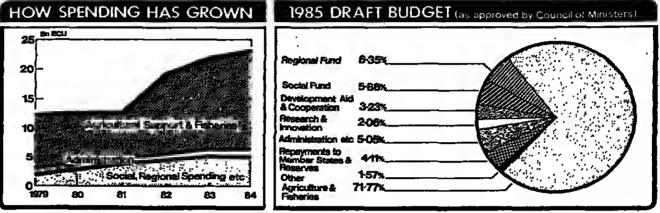


European leaders gathered at Fontaineblean, where the "Relaunch of Europe" was heraided

EEC finances

# Still struggling on, despite the high hopes of June

By Quentin Peel in Strasbourg



The 1965 budget breakdown does not include provision for a further Ecu 1.315bn in agricultural spending and an Ecu 1bn reduction in UK contributions, for which fi has yet to be lound

However, the achievements of

spending. The finance ministers went a

on budgetary

once more, Budget discipline meot on bow the extra 1985 and future financing were oot mooey will be provided. It is aod future financing were oot floalised, and Sir Geoffrey Howe, an extraordinary way of wasting the Britisb Foreign Secretary, three months' diplomacy," insisted that he would withhold Luxembourg, on the budget froot at least, may be more real the extra Britisb cash required until they were.

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than appareot, although their However, yesterday's decisioo by M Cot's committee to release implications may oot be quite what was intended. The most significant progress, for the long-range development of the the 1983 UK rebate means that one of Sir Geoffrey's precooditions has been met.

Community, was that made by the finance ministers towards ao Perhaps more seriously, from parliament's point of view, the agreement 1984 supplementary and the full 1985 budget still fail to discipline. The inspiration behind this attempt to control the hitherto inexorable growth in EEC spending bas always been twocover the committed spending fold. On the one hand, all 10

European Parliament, described the outcome of Luxembourg as both "a relief, and a grave disappointment." It was a relief, be said, because the ministers bad at least staved off the threat of budget for the rest of 1984, and budget for the rest of 1984, and the opean commission officials in the ore than paper over the cracks. The thoughts of senior Euro-immineot bankruptcy by approving a supplementary budget for the rest of 1984, and the cracks is a very least and exploration of endless required Britain to lift its system to its first and arranging bow to raise the cash later, is a recipe for and exploration of endless expenditure later. The Brussels are more cynical budget for the rest of 1984, and the required Britain to lift its susr as well bave taken oo governmental agreement, which that budget discipline and at the same time. It was, oooetheless, a severe disappointment, M. Cot declared, contributions.

contributions.

"There is no agreement on

of the politics of expedieocy budget discipline, and no agree- long way towards reaching

agreement oo bow a system of speeding controls might be im-posed, although the documeot hey approved still faces serious reservations by both Fraoce and Denmark. But, in reaching a compromise, the aim of direct-ing the whole EEC budget away from the Commoo Agricultural Policy (CAP) has become significantly dijuted.

The deal provides for the guideline for farm spending to be set each year to ensure that the rate of growth is lower than the rate of growth of EEC revenues. That does not neces-sarily mean that it will take a declining share of the budget, unless all the available revenue is used up. the rate of growth is lower than

Moreover, -the ministers agreed that the rest of the budget, includiog such policies as the regional fund, and pro-moting research in high tech-nology fields, should also be restricted to a rate of growth not above what is known as the The MEP's anger bas been compounded by what they regard as a "nonsense" budget sub-mitted for 1985 by the Minis-

seeable future. So, far from enabling a switch of resources out of agriculture, the budget discipline deal

threatens to freeze the current proportions of Community spending roughly where they are, even if it is watered down a little further to accommodate France and Denmark, That part of the package is also threateniog to cause a fur-ther confrontation between the Council of Ministers and the European Parilament, becausa it could cut across the one area over which MEPs have genuice responsibility. M. Cot and his

colleagues, who meet in Stras-bourg this week, believe the council is exceeding its powers in unilaterally fixing, what amounts to a spending ceiling without consulting the Parliament.

ct-the most drastic they have. The Ministers' failure to fix adequate finance for 1985 was a direct con-sequence of their inability to agree an bringing forward in-creased contributions to the Community budget.

oll

It is West Germany which has insisted that no increase in contributions can be made until Spain and Portugal join the Community, because only then will the responsibilities of then will the responsibilities of the European Commission be enlarged to justify it. Britain wants the extra money to be paid next year, so that there will be chough cash available to allow British contributions to be reduced by the Ecu 1bn rebate promised for 1984.

Aithough Bonn is somewhat isolated on the issue-it has the rather lukewarm backing of the Netherlands—the Ger-man Government has also atolen Mrs Thatcher's clothes by claiming to be the true up by claiming to be the trie up-holder of the community spirit. Indeed, German officials main-tain that if they relaxed their position, the negotiations with Spaio and Portugal would lose what little momentum they still bave, to enable enlarge-ment to take palce on January 1 1988 1, 1986.

If it were not for that link between enlargement aod in-creased revenues for the Comcreased revenues for the Com-munity—to come from raising the so-called VAT celling from 1 to 1.4 per cent—there must be real doubt whether the talks would not be dragged out indefinitely Although all 10 member crates nay linearvice to the

states pay lip-service to the political desirability of including Spain and Portugal, arguments are few and far between on the economic logic of the

The talks are bogged down on relatively straightforward issues such as the transition periods for phasing out protective tariffs on industrial goods tive tarms on industrial goods (by Spain) and on Spanish agricultural exports (by the EEC). The real problem areas concero Italy's resistance to control over the certain excess production of wine and olive oil and the incorporation of oil and the incorporation of the huge Spanish fishing fleet in EEC waters.

The Fontainbleau summi The Fontainoleau simility was noashamedly unrealistic when it instructed the Council of Ministers to complete their negotiations with Spain and Portugal by the eod of Sap-tember. It was already clear in lung that the deadline was in June that the deadline was unattainable,

The combinoaion of Boun's financia arm-lock and the political incentives to oriog Spain and Portugal into a wider Europe should ensure that progress is made eventually, although EEC traditions dic-tate that it will be later rather than sooner.

Britain's agreement on a badget deal for 1984 and 1985 was based on trust that West Gerhased on trust that west der-many will enable the British budget rebate to be paid in full during 1985, if necessary by bringing forward the increased VAT ceiling, but only once en-largement has been universally ratified.

20 /07

But the danger, indeed the ilkelihood, of the Community continuing to limp from one

alternative once more to the tra-dition that bas kept Mrs Thatness. All sensible enough stuff, cber, and still looks like keep-but hardly delivered as Lyndon ing President Reagan, in power.

# Shifting to a higher gear

IN THE past fire years, many British compaoies, io the words of Mr David Walker, a senior Bank of England official, have fades away, another appareotiy distinguished themselves as stands ready to replace it. The Bank of England official, have cost-cutters." The rewards are plain to see: hig cutbacks of plant and labour have led to a steady rise in real returns on capital from 6 per ceot io 1980 to 9 per cent in 1983. The company sector has accumulated progressively larger finaoclal surpluses—rising to £7.9bn last

All this, roupled with produc-tivity gains, sounds highly it is bard for boards of directors that British inductors that British industry has finaily bostile takeover means that the got its act together. Yet all is not well: io spite of improvshort term performance of the rompany's share price cannot be ignored. Managers are pushed ing finances, the total produc-tion of Britisb industry is still into steps to maximise sbort-run profits and divideods: longsome 3 to 4 per cent below the arcrage level in 1979 and there has been a blg expansioo of North Sea oil since then. The back seat. Bank, if Mr Walker's recent musings are any guide, is beginning to worry that UK Already, the ability of British companies have become too fund managers to invest wisely cautious, although the criticism is judged on performance over is expressed in such tradition a time-horizon quite incom-ally soito roce tones that it mensurate with the long-term may have passed almost nature of trustees' liabilities. have passed almost unheard.

The fear is that the cost-shorter borizons will be cutting rhetoric, which played such a useful role duriog the recession may now be counter-productive. The time may have come to talk more of the next. In 1983, for anymple for part come to talk more of the need for expansion. Austerity, after all, is oot sufficient in itself to guarantee future prosperity. Companics which no longer need to worry about keeping the receiver at bay appear slow to exploit better times. It would be a faise economy, for example, to maintain for too long a tight squeeze on R & D expenditure that could stunt the development of new product lines.

#### Lack of confidence

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iofluence on corporate decision-making than is sometimes imagined. The real challenge Mr Walker detects a worry- now facing British industry is ing lack of the coofidence that to move forward from a prolonged period of cost-cuttiog is needed to pursue sensible iong-term strategies which imiong-term strategies which im. and capacity trimming and to pose high costs in the short- develop imaginative long-term term, While more intense teco- strategies for growth, Whether the danger of ignoring the depend much more upon the long-term outlook, there willingness of entrepreneurs to appears to be an increased ten- take risks and innovate than on

the short-term. This may be a legacy of high and volatile infla-tioo yet, as this distorition restructuring of UK securities markets—which will reduce transactions costs on share dealing—could agaio encourage shorter-term borizons.

ucemployed back to work.

Intellectual gap

fully into effect.

radical Democrats of the com-

bow, painfully, but in a spirit of pragmatism, the Democrats and

tion in Britain must find solu-

fort of such irrelevance. Some

The worry is that when the big players oo stock markets-the institutional fund managers -become increasiogly obsessed involved. It sounds complicated? Well,

developer. term strategic thinking takes a Shuck has been formally

Steel appeal

Chicago this week.

#### Strategies

There is a real danger that even Campari, which looks in need of a substantial profits trans-fusion. increasiogly begins to ape Wall Street, where the courning of portfolios is a bigger problem In 1983, for example, 60 per cent of the shares quoted on Wall Street changed bands; the

comparable figure for turnover in London was 16 per ceot.

Worries about the impact on

companies of structural change

in the City are certainly not misplaced and the Bank should

monitor developments closely.

But it is possible that the nature

of capital markets is less of an

Day in a doctor's life A busy day for company doctor Rounle Aitkeo yesterday. Proving that a career as a cor-porste sawbones can be just as

bectic as 24 bours in the life of a casualty bouseman Aitken suspended a senior executive in one of his companies, joined yet aoother board, aod finally witnessed the disposal of shares but top executives attending their annual summit expect, and usually get, lavish bospitality. In Chicago, their American by another of the list of com-panies with which he is hosts have pulled out the stops. Ooe night they dioed in the spectacular hall of the Field Museum of Natural History with

this is how it went, Aitken bas recently joined the board of Espley Trust, a Birmingham building company founded and, until last month, headed by Ron Shuck, the property demologer down upon them.

next year the steel barons descend upon London, and the cash-strapped BSC will be responsible for the arrangemoved out of ET-but be bas promptly riposted by making a hid for the rompany himself. A degree of post-operative reaction seems certain in this ments. "How can we top this?" be

asked during the Chicago festivities. The next patient for Aitken's bedside manner was the camp-ing and leisure products group. Perhaps a trip to Scunthorpe . . .

dinosaur skeleton looking

**Men and Matters** 

#### Identity risk

Finally, Altken found him-While 1CL waits patiently to in the U.S., having developed self in the consulting room with Mandarin Resources, a Far be renamed Standard Telephone International Computers - or Eastern investment rompany something like that - it should be thankful for perils avoided. where he is deputy chairman. Mandarin has sold a big chunk of stock in Bluemel, the bicycle Apparently STC thought of

the data communications firm IAL, and then ICL, I learn from Computer News. maker, which has learned to pedai vigorously under Aitken's

"Bluemel is one of my favourite babies," says Aitken. But when top advisers put the initials together the best they But he is not quite sure, nevercould come up with was Siac theless, where the shares have gone to, or at what price. aod Ticl.

#### **Boesky's share**

appearance of Ivan Boesky's name on a share-holders' roll is a sure sign, if Bob Haslam, the normally genial chairman of the British you did not know it already, Steel Corporation, bas bad some anxious moments during the that the company has become a "special situation "-in other International Iron and Steel Institute annual conference in words, it is liable to be taken over,

appears to be an increased ten- take risks and innovate than on The steel industry may be in Boesky, aged 47, is one of dency of companies to focus on the nature of financial markets. deep trouble in many countries, the most powerful arbitrageurs

Next day they were taken to a Chicago concert conducted by Sir George Solti, followed by a champagne supper. Haslam's problem is that

ANCYCEEDS

SOUVENIL

"Always sell thousands when the Tory ronference is on

can still bold its own among the computer - controlled robotics lovading the engineerromical cierical rollars aren't going too well, though" ing industry.

The Bolton company, Jobn Hunt, bas just installed com-puterised machinery, in fact, to help its 40 workers cope with the increased production of its Victorian model piemaker. hand-operated

Ple maker

in the O.S., having developed the art from the days when arbitrage was a virtually un-known activity on Wall Street. He regularly reaps handsome profits from takeovers by identifying them before they occur or by trading on them The maker, called Little Champion, bas been iittle modified since occur, or by trading on them after the first shots bave been the turn of the century. "Bat It's having a second child-hood," says Spencer Cheetham, sales director and member of fired. Quite often, his muscle is used to influence the outcome. Boesky's latest activities, bow-

ever, have been causing a stir in the family which bought the the City of London. Since 1982, company 60 years ago. the City of London. Since 1982, he has used a once-sleepy investment trust, Cambrian & General Securities, as one of the vehicles for his U.S. dealings-attracted by the exemption of UK investmeot trusts from tax on internal capital gains.

Cambrian bas shown phenomenal growth, and its shares bave been trading far above the schools in the past two years typical 25 per cent discount from asset value.

Clearly on to a good thing.

"own resources "-the current restraint in government spendrestraint in government spend bers of the budget committee ing throughout the EEC makes were discussing the possibility it unlikely to do so in the fore- of rejecting the entire 1985 bud-

Cambrian yesterday sough

£20m through a rights issue to fuel further growth, with Bocsky and his family putting up over £5m for their full entitlement.

Cambrian bas also inter-vened in another investment trust, Anglo-Scottish, which is due for reconstruction next

week. Boesky, with a newly-

acqoired 15 per cent stake, may have other ideas—but predic-

The signs are, though, that more British company chair-men may find themselves wak-

ing up to the news that Boesky bas taken an interest in their

So far, the only aignificant UK takeover in which be bas

taken a hand was the purchase of Eagle Star by BAT Indus-tries. But the rash of bld ac-tivity in London this year is said to have caught his interest.

Victorian technology, it seems

tions would be rash.

future.

"maximum rate." That is based ters, because it leaves at least on a formula reflecting partly Ecu 2.3bn unfinanced. The gap mains. The increased contributhe EEC-wide rate of inflation, --consisting of excess farm and partly the overall rate of speoding and Britain's promised and party are obtain fair of specding budget rebate for 1984—could Although in the past the maxi-mum rate bas increased signifi-cantly faster than the growth of Community revenues—co-called is included. In Strasbourg yesterday, mem-

obstacles.

tions are likely to be rapidly consumed by the 12 member Community. By 1988, a further increase in contributions will be necessary, and the whole question of Britain's budget rebates will be np for renogiation. The path of Europe's relaunch remains littered with future

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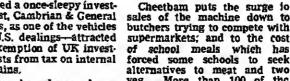
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Observer

alternatives to meat and two veg. More than 100 of the machines, selling at £325 each, have been put into Laocashire

BRITISH RAIL Tough haul on a tighter track

By Hazel Duffy

BRITISH RAIL has come a long provincial services now have way since 1982, when the whole direct responsibility for revenue future of the rail system was overshadowed by a series of that these have been brought overshadowed by a series of strikes. At last, it is coming to grips with its costs, both by cutting manpower and by using its rolling stock more intensively, and is on the way to becoming a model of how to run a railway in the face of shrinking financial support from a reluctant Government.

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But it faces four main prob-lens: a continuing fight with the unions over productivity and service cuts; doubts about how much more progress it can make in the face of Government deterministion to the face determination to cut its subsidies; and loss—some of it permanent—to road transport of an estimated £150m in freight business as a result of the miners' strike; and ever increasing competition, particularly, from the new generation of high-speed luxury coaches.

Now, although the miners' strike has cast a deep shadow over the freight business, the basic position is a good deal heighter. brighter.

• In July, the Government approved BR's plans to electrify the London to Edinburgh east coast mainline at a cost of coast mainline at a cost of solution of the system that will take it into the next decade.
BR's workforce, now 183,500.
BR's workforce, now 183,500 being reduced, in line with plans to cut back to 175,000 by 1986. Much of this has been at
ministers on his side by agree-ing to a three-year reduction in the PSO (public service obligation), which is the total grant given by the Government. All this progress, however, has not registered with all rall users. Take the commuter on Southern Region. Since the introduction of the new time-table last May, services in the south eastern and central parts

1986. Much of this has been at south eastern and central parts the white collar level, where of the region have declined. It re-organisation into regions and is not only that there are fewer areas—the divisions in between trains; there are more stopping have been scrapped-is well services and the trains them-under way. By the end of this selves are often shorter, which year, the 30,000 administrative has led to complaints about staff will have been cut by overcrowding.

Protection for

investors

From Mr H. Wigman

together below board level, at the insistence of Mr Bob Reid, BR'a chairman for just over a year,

BR's cheap fares promotions are helping to win back leisure passengers. BR is well shead of its European rail colleagues in the flexibility with which it can change fares according to market demands and recently switched its advertising account

to three agencies which will concentrate on more specific sector advertising. It wanted to do this in 1982, but was held

to do this in 1982, but was held back by the rail strikes. Many of the plans now being implemented, were formulated during the seven years Sir Peter Parker was chairman, but he faced strong opposition in a different political climate from the rail unions on issues such as flexible rostering, one-man operation of new commuter trains and lower manning on freight trains. The 1982 strikes high speed living coaches. Two years ago, BR had few friends. It had won the battle over flexible rostering, one-man operation of new commuter trains and lower manning on freight customers and passen gers in the railways network. The Government, meanwhile, was promising to tighten the purse strings, and refusing to approve most new investment until it could be convinced that Reid, 64, favours a low public BR would deliver on productivity. Now, although the miners strike has cast a deep shadow over the freight business, the basic position is a good deal

Instead of trying to convert an unsympathetic Government and weary civil servants to BRs pressing needs for more investment, Mr Reid has tried to get ministers on his side by agree-ing to a three-year reduction in the PSO (public service obliga-

trains; there are more stopping

staff will have been cut by overcrowding. Some hig changes to the time-business sectors two to three just been introduced on dividends. The directors of the that SR did pot get it right at sectors—Inter-City, London & the start. Mr Len Dumelow, of South-East, freight, parcels, and the Central Transport Consulta-table drawn up in May have introduced on that SR did pot get it right at sectors—Inter-City, London & the start. Mr Len Dumelow, of South-East, freight, parcels, and the Central Transport Consulta-South-East, freight, parcels, and the central Transport Consulta-



Bob Reid, chairman of British Rail

tive Committee, the official lead to a deterioration in safety passenger watchdog, says: "I is botly denied by Mr Reid. believe these reductions in the quality of service were the BR peeds more investment is that BR needs more investment so that it can give better service first signs that BR's new tighter

financial targets are beginning to affect the passenger." The basic question facing BR is whether It can maintain its standards and keep its custo-mers. This will be the theme of an alternative policy to be launched by the end of the year. Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, says: "We wel-Is whether it can maintain its progress when Government financial support for it will fall below £900m this year, reversing the npward trend in the PSO since 1979, By 1986, the PSO plus local government payments for railway services will be down to £700m (PSO-£835m). come the east coast mainline electrification, but it is only a crumb compared with the network electrification that was planned by BR a few years

BR originally planned to live within the £700m target by 1988 but Mr Reid agreed this tougher objective with Mr Nicholas Ridley, Transport Secretary, soon after he was appointed. Mr Reid believes that he can meet this cut in BR's life support by increasing revenue and re-

tion of jobs is a problem for any nationalised industry. In BR's case, the customer also has a central role in deciding the THE ENTERPRISE Oil share sale fiasco bas inevitably future of the industry. Even deepened the shadow over the the normally captive commuter can now find alternatives to the coming coming (and enormously greater) public flotation of British Telecom; the Jaguar bonanza is barely relevant. The scale of the BT project always train, with coach companies running peak-time services to and from London. Mr Reid often stresses the bears repeating: the estimate given for the value of shares to be made available is £4.1bn, by far the biggest issue the extent to which BR is no longer a monopoly. It faces growing competition from long-distance coaches, mainly in the leisure market, as well as the car. In

the business passenger market, the airlines provide an attractive alternative to the train over longer distances.

Balancing the demands of the Government for more stringency and the unious for the preserva

Competition against road faulters for freight is even more intense. Modernisation of virtually the entire wagon fleet has brought 70,500 new has brought 70,500 new wagons into service. about a fifth privately owned. This has enabled BR to break into a small part of the general freight market, traditionally taken by Toad. But the miners' strike is posing problems: it will have cost BR about £150m in revenue that if the stormage general lost if the stoppage goes on until November. Steel and ore movements are affected as well as coal-and these three top the list of bulk materials carried by rail.

The effect of the miners' strike on BR finances has not been as great as it would have The unions' argument is that started the year with good cash balances. These have been swollen since by the sale of Sealink for some £65m.

Ink for some 165m. If the strike continues, how-ever. Mr Reid could find it in-creasingly difficult to keep within his annual financial targets. The loss will fall on the freight sector, which is not supported by the PSO-where room for flexibility has existed before—and the bill will have to be met somehow. Mr Reid will he anxious that the invest-ment programme is not dem-The NUR and Aslef, the

The NUR and Asler, the will be anxious that the invest-train drivers' union, weakened ment programme is not dam-by the 1982 strikes, when aged. Solutions might include fundamental changes in work-ing practices were the issue, the markets, and allowing big are now threatening industrial investment projects like elec-trification to fall outside the service cuts and the future of current government limits. the railways, They called off the day of action and work-to-rule The slimming exercise might day of action and work to rule not be to everyone's liking, but earmarked for last month, but other railways—also under they want reassurances from pressure from their govern-the BR board before they are ments—are watching Mr Reid's prepared to cancel the threat managers with more than pass-outright. Wider UK share ownership

# Privatisation alone is just not enough

### By Edgar Palamountain

as a whole be more adventurous, the popularity of racing, bingo and above all football pools does Stock Exchange has ever had to

contemplate. Senior members of the Government, from the Prime Minister downwards, have re-peatedly affirmed their belief in the merits of wider share owner-

ship. Privatisation of public enterprises has been seen partly —and understandably—as a key -and understandably—as a key to the door. The idea that the citizen's portfolio should in-clude shares in such basic national assets as the telephone system fulfils most of the criteria of wider share ownership. In an ideal world such a portfolio might indeed be fominated by stocks of this kind, alongside such private-actor investments as Sainsbury's, Marks & Spencer, ICI and General Electric. The best current guess, bowever, is that this is not going to happen.

Why? The short answer is that the habit of share ownership is till nowhere near widespread enough to provide the necessary framework. Despite media coverage of savings and invest-

ments on a scale which would have seemed inconceivable a generation ago, personal share ownership seems actually to have declined. The obvious comparison to them,

make is between the UK and the U.S.; these are the only the U.S.; these are the only countries which have a long tradition of share ownership, based on similar capital mar-kets and on stock exchanges which were for the best part of a century far larger than any others in the world. The latest estimate of the number of abareholders in the U.S. is 41m or about 19 per cent of of shareholders in the U.S. is 41m or about 19 per cent of the population. The UK total seems to have failen to 2.1m which is only 34 per cent. The bolding of shares is therefore on this evidence five times as widespread in the U.S. as in the UK.

given are bardly convincing. First, although Americans may not suggest that the British aversion to risk extends to money. Second, there is not too much to the argument that shares are harder to buy over

bary less conspicious but banks bave always been open for stock exchange business. Third, the fiscal disincentives to share ownership have now (thanks to successive Chancellors but especially to Mr Lawson) heen there are a successive and the successive of the succ very largely removed. Stockbrokers' commissions do admittedly make a big hole in a small purchase and could in future make a bigger one, but this never deterred the in-vestors of the past and does not seem to deter the Americans. The explanations lie elsewhere. Foremost is sheer ignorance, born of a tradition that commercial activities such as investment were not a suitable This abstention has left the field open for the "traditional" savings media, especially the

Why financial and educational incentives are needed

building societies which, being already familiar to very large numbers of parents and grandparents, bave not needed the education system to popularise

It is in this area of competing savings media that the comparison with the U.S. is comparison with the U.S. is indeed most apparent. Not merely are building societies far more of a "housebold" phenomenon than the parallel savings and loan associations of the U.S., but the other popular avenue—National Savings and the "post office"—has no seri-ous competitor on the other side of the Atlantic side of the Atlantic. The other rather striking

contrast between the two coun-tries occupies, as it were, the reverse of the same coin. Gambling, as we know it, is far

Some of the explanations less widespread in the U.S. There are no betting shops; indeed there is no official ú offcourse " betting at all. More important still, there are no football pools. In these circumstances the speculatively-minded citizen turns to the stock market-where the odds, of course, are far less heavily stacked against him.

15

---or rather two shots, one finan-cial and one educational. The financial incentive should not take the form of fringe benefits or other ginmicks linked to the sbares of a particular company. The European Ferries concessions were a bad idea from the start, and so are the special inducements to be offered in connection with the BT issue. The use of public money to promote share owner-ship in general is one thing; its use to bribe people to take up a particular issue is quite another. What is required is a general tax incentive on the lines of the French Loi Monory (as now amended by the Loi Delors).

Privatisation has given the Government an unrepeatable opportunity for encouraging wider share ownership. But the achievement of this would re-quire general education and publicity conducted over a long-ish period, so that the thousands of potential investors would be more likely not merely to take up the shares offered to them but to take them up re-sponsibly, with at least some reasonable understanding of what they were doing.

The Government has clearly decided that the measures It has taken to this end over the BT issue are enough (or that it cannot afford more); and that this can be justified on the ground that BT holding shares are a "core," the possession of which will of itself encourage bolders to seek more enlightenment and make other invest-ments. I shall be very agreeably surprised if the Govern-ment is right,

The outhor has been chairman o the Wider Share Ownership Council since 1870, He is a former chairman of the M & G unit trust and life assurance group.

local income tax and increased-land values along the M4, both suggest the same solution, namely the taxation of land values. It is increasingly clear

here; stockbrokers are admit- Wider share ownership tedly less conspicuous but banks clearly needs a shot in the arm

Sir,-There are too many instances where smaller, sharebolders, and creditors, are deprived of representation dur-ing a period when a public com-pany may be suffering short-term difficulties: relatively few of them claim much public attention.

JM Bankers (and JM itself) is the latest case, and your corres-pondent Mr R. J. Davis argues (October 6) that case well: at least in that case JM survives. sharcholders have something, and larger shareholders feel sufficiently strongly to be mounting opposition to effective dienneeù

Stone Platt is more notorious the shareholders and most creditors were wiped out and. to their discredit, only certain major institutional holders 31.01 were allowed—and accepted— any option to participate in its very limited resurrection as Stone International. Although Lex touched on this

CHE in his "management bayouts" comments with aptoess (Septem-ber 25), I feel inadequate stress COU has been placed on the lack of protection for minority interests in public companies, and in the instance of Stone Platt we have a salutary example of to nas Mr Davis' words, "daylight robιü

> We read that Stone Inter-national "offer for sale" has been 18 times oversubscribed: so, not only have the "buy-out managers" been paving them-selves over \$60,000-plus per annum, but several of them after a major scrip issue weeks ago have made themselves multi-millionaires!

molti-millionairesi Apart from a major institu-tion or two, original share-bolders got not a penny out of the "cambalisation" of their company, and its reformation. When there is so much talk about investor protection, but so little done to afford any-for the smaller non-institutional investor anyway-the time has surely come for a more collec-tive vigorous self-defence.

tive vignous self-defence. Many, like myself, invest, and try to safeguard others' moneys in public companies. In total we still provide considerable per-sonal sums direct, in addition to those via pension funds, etc. The time has come for us to refuse to remsin eunsiche in an all-tuo-often sybaritie big investors/management harem. H, Wigman, Cherry Tree Cottages Loudzoter, Rickmansworth, Herts.

#### Bankruptcy and the banks

From the Managing Director, . Antrim Financial Services

Sir,-Let me assure Mr Newhouse (October 8) that my con-cern about bankruptcy does not imply that I or my interests or | accident rates.

clients lost money on the Acrow collapse, the half-for-gotten Northern Developments scandal, or any other celebrity receivership in between. receivership in between. I do believe that Mr New-house is lending important ventilation to the debate, because be is defending the status quo and using trusty old aftitudes to do it. Very little in his letter requires denial or even comment; but his first point, from which the rest flow

Letters to the Editor

point, from which the rest flow,

is wrong. not enough to compare native populations, whether of cars or people, to arrive at some kind Paradoxically, the only signi-ficant source of initial risk capital available in the United Kingdom is the clearing banks. of accident severity index. Unlike Britain, Germany is traversed every summer by hordes of Scandinavian and The venture capital industry is still immature and makes a sin initiative and makes a negligible contribution to national start-up capital requirements. Most businesses spring from small beginnings funded by a loan made to an entrepreneur by his local bank Benelux citizens on their way to sunny Italy, and by a steady atream of East European trucks fanning ont towards the softer markets of the West.

manager. By the time a business has grown sufficiently to qualify for the Stock Exchange official list, purchase of its ordinary shares by an institution cannot from any perspective be viewed as a risk investment. Buyers

are entitled to rely on scrutiny of the company by the Stock Exchange; my Doint, which Mr Newbouse is still strugging to the statistics for the incidence of military traffic on German roads, which is far greater than grasp, is simply that when a large concern fails, those who bought stakes in its share canital in good faith are en-titled to be protected from the we suffer in Britain? Having said all that, I should add on a more personal note that I am frequently appalled at the aggression and chance-taking which I encounter on German autobahns. In most predators who gather to feast on the cadaver.

The fact that a receiver has power to hive down as a going power to hive down as a going concern all or part of a failed business, excising unsecured creditors and shareholders, can give rise to suspicion in the minds of the losers. If the parts can flourish, perhaps the whole business could have been caved so that all contribeen saved so that all contri-butors of value could recover their claims. I am tenacious in my sug-

gestion that some fetter on this sweeping power of receivers is necessary. The temptation to deal at the wrong price should not be allowed to endure, even if we have every confidence in the individual stewards of a particular receivership tò resist It. Martin Hodson. Warnford Court. Throgmorton Street, EC2. Road accident rates From Mr J. Daniels.

essential Sir, Two points must be made in response to Mr Gill (October 6) regarding compari-From Dr D. Pickard sons of British and German road

safety belt.

J. R. Daniels.

26, Withdean Atenue,

Tax reform is

indirect effects of our taxation system, and until politicians realise that tax reform is essential to economic recovery, To dispose rapidly of the first. the problems will remain. It is difficult to understand why I have on many occasions had the pleasure of sharing the land value taxation is not given the serious consideration it undoubtedly deserves. Perbaps the Left ignore it because nothdriving of a car with "Macho" Marshall and can assure Mr Gill ing less than nationalisation is acceptable, and those on the Right are too much under the influence of landowners and speculators.

(Dr) D. W. Pickard. West Germany today serves as a crossroads of Europe. It is Lane End Farm.

Denton, Ilkley, West Yorkshire.

that many of our economic problems are the direct and

Criteria for job values

From Mr B. Fish

Sir,-Your report (October 5) of the equal pay bearing by an industrial tribunal in Liverpool gives rise to serious concern.

Perhaps, since he clearly has access to German statistics, Mr Gill would like to tell us how many of those 12,000 fatalities on German roads involved Bel-gians, Danes and Swedes - or indeed the sceningly ubinultous access to German statistics, Mr Gill would like to tell us bow many of those 12,000 fatalities on German roads involved Belon German roads involven ber aby, or value in 1984, be failed gians, Danes and Swedes - or turbing that, in 1984, be failed Indeed the seemingly ubiquitous to include the two of any real American servicemen? What allowance should be made in allowance should be made in turbing that, in 1984, be failed to include the two of any real and supply and demand.

Irrespective of their applicability to the case under consideration in the report, failure

back to the Clegg comparat-ability nonsenses which still account for much of today's

circumstances it more than com-pensates for the average Ger-Brian H. Fish. man driver's excellent aware-14 Stoke Hill, Stoke Bishop, Bristol,

ness of what is happening behind blm. In this respect, the Germans seem to be well on the way to solving the prob-The tale of lem: the rumoured introduction of new production models from Audi, BMW, Mercedes and

a price

Porsche, all capable of exceed-From Mr J. Nichols ing 150 mph with ease, will surely and finally bring the

Sir, - Selected sentences from your article on the portable compact disc player shutters down at 81 mph. The danger is that over-reaction to over-excess could see the auto-bahns subjected to a ruthlessly (Page 1. October 3). 1-"The Sony player...will cost £163 there (in Japan)." 2-"The new player...will be in British shops...at around £300." policed 62 mph (100 km); something the German enthuslast might ponder while he fails yet again to fasten his 3--- "Compact disc player sales in the UK bave lagged...."

Am I imagining it, or Is there a link hetween 2 and 3? And would it by any chance have Goring by Sea, West Sussez. to do with the greed of distributors who charge double for goods sold in the UK market? J. R. Nichols.

Oakland, Sir,—It is significant that Forest the letters from Henry Law East Ho and Edgar Buck (Sept 29) on Surrey. Forest Road, East Horsley,

There's a four letter word used less often by Scania drivers.

# lerv.

Ever seen a Scania truck actually taking on fuel?

They do of course, but it's less often than a loi of other trucks. Why? Ever increasing traffic density, more

and more sustained high speed running, and operator demands for more engine power with better and better fuel consumption, means constant engine development

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tough and handsome cabs. The latest are available in three sizes, aerodynamically designed and contoured to give 20% less air resistance than previous models. Add Scania wind deflectors and air resistance can come

down by 30%. And lower air resistance means lower

fuel consumption. Even then, that's not the end of it. The lowdown on Scania fuel economy goes on and on without a stop Like our trucks.



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to recognise these criteria in the real world of today would be disastrous. We would indeed then be unemployment

profit, ('prafit) n. excess of revenues over outlays. Easily achieved by relocating to Scunthorpe and reducing overheads. [C14: from Latin profectus to progress rapidly]. For details telephone ... 0724 869494 les the othere

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# **FINANCIAL TIMES**

Wednesday October 10 1984

David Gardner reports on the prospects for ratification of the five-nation Contadora peace treaty

# **Central America prepares for fateful day**

OCTOBER 15 is fast assuming a D-Day like importance in Central Am-

It is the date that the revised Contadora treaty - an attempt by Mexico, Colombia, Venezuela and Panama to foster a negotiated settlement of the region's conflicts - is to be ratified hy the five Central American nations which are party

It is the day, according to Sr Daniel Ortega, the Sandinista leader, on which the U.S. will launch an invasion of left-wing Nicaragua, either through its proxy "Contra" forces massing on the Honduran frontier, or directly.

It is now the date fixed by President José Napoleon Duarte of El Salvador for his first peace initiative towards the left-wing rebels who have been fighting succe U.S.-backed governments for four

President Duarte's proposal, made in characteristic grandstand stvie to the UN General Assembly on Monday, took the rebels by surprise. They had received no official notification of Sr Duarte's suggestion, which is that he would meet insurgent leaders in the guerrilla-beld town of La Palma, close to the Honduran frontier, next Monday.

**Egypt** and

By Tony Walker in Amman

PRESIDENT Hosni Mubarak of

Egypt beld talks with King Hussein

of Jordan in Amman last night in

what is clearly the first stage of an

attempt to create a "moderate" Ar-

ah front which could pave the way

for Middle East peace negotiations.

Jordan is the first of the Arab

countries which boycotted Egypt

over the peace treaty with Israel to

restore relations with Cairo. King Hussein took the step de-

spite bitter opposition from Syrla

and Libya. Syrian newspapers have

called for the assassination of King

Hussein for his "traitorous" act. President Mubarak, who is pay

ing his first visit to Jordan since

over as head of state, heard

talks

Rebel leaders have reacted favourably, although with caution, "If Duarte is prepared to discuss the cen-tral problem of El Salvador, which is war and peace, then that would be a major advance," a member of the insurgent's political leadership, the political-diplomatic commission of the Revolutionary Democratic Event (CDR) and unchastic Front (FDR) said yesterday. But for the initiative to lead any-

where, the FDR spokesman warned, the La Palma meeting would have to be the first of a series rather than a one-off publicity stunt

The rebels believe that Sr Duarte is under growing international pressure to start the dialogue with the insurgents that he promised be-fore being elected in May.

Rebel leaders deny reports of contact between government offi-cials and commandos of the FMLN. the guerrillas' 12,000-strong army. saying they have dealt exclusively with the army high command - which they won but were defrauded usually through the church but at of by the military - is well known. east once directly - for the exchange of prisoners and wounded. The biggest of such exchanges was due to be completed yesterday. The arrangement involved the fly-ing out of the country of 60 FMLN wounded and the return of four cap-

tured rebel commandos in exchange for eight army officers. Talks on this agreement began last February and involved nine countries, including West Germany, France, Sweden and East Germany. Rebel leaders were nevertheless concerned to stress that the exchange was an example of the two sides in the war being able to reach and carry out agreement without foreign interference.

Sr Duarte's proposal is vague. It is also far from certain that a week is long enough to arrange the La Palma meeting. The rebel leadership will insist on adequate security guarantees and the attendance of their political, as well as military leade Sr Duarte's remarks to the UN

were addressed to the FMLN, while his contempt for the FDR - whose principal leader, the social demo-crat Sr Guillermo Ungo, was his running mate in 1972 elections, which they won but were defrauded In this analysis, Sr Duarte's ap-

In addition, some analysts believe that the Duarte move is intended to try to take pressure off the U.S., which has appeared hos-tile to the Contadora peace process once it looks to be on the point of achieving, its goal, at least formally.

gard the 15,000 strong rebel force, made up in large part of former members of ex-dictator Anastasio Somoza's defeated National Guard, as an externally financed and led army which is in no sense part of the civil war.

Second, if this symmetry is established between the Contras and the FMLN, it will allow the U.S. to back Contadora but not implement its provisions, arguing that Nicaragua, the first country to endorse the treaty two weeks ago, is flouting The treaty would require the U.S.

to withdraw military advisers from El Salvador and Honduras, and to dismantle the forward base structure it has assembled in Honduras. Explaining U.S. opposition to the Contadora treaty last week, a State Department official was quoted as saying: "We are not about to give Nicaragua veto power over Ameri-can aid to El Salvador." While there is a slim chance that Sr Duarte's in-

proach to the rebels has two main itiative may lead to substantive talks on peace in El Salvador, there First, within Contadora's provi-sions for "national reconciliation," vide the U.S. with the opportunity Nicaragua will come under pres-to use the Sandinistas as justificasure to make approaches to the tion for their essentially military response to rebellion in their Central "Contras," which it has vehemently refused to do. The Sandinistas re-American backvard

The base rate cut is almost as amiliar a feature of the British Conservative Party conference as Elgar's Pomp and Circumstance, so t would be unwise to predict that

this week will pass without the clearing banks giving delegates something to celebrate. But, after yesterday's money supply figures, a cut in rates could only be interpret-

ed as political engineering. A final verdict on the figure must admittedly await next week's breakdown of the monetary components and even then it will be impossible to assess the distortions caused by round-tripping. But, with all the seasonally adjusted aggrean the seasonary adjusted aggre-gates showing strong growth dur-ing banking September and Ster-ling M3 now nudging out of the top of its target range, a base rate cut can hardly be justified on monetary grounds

authorities, particularly the Inland All the preliminary evidence points to round-tripping in the bill market on a grand scale. On a sea-Revenue. sonally adjusted hasis, sterling lending rose by £1.5bn while the clearers reported no increase in the to be done. Even the small circle of Lloyd's auditors acknowledge that 130 insurance syndicates would not level of advances. The profusion of have won a clean audit certificate bills in the discount market and at the Bank of England probably ac-counts for the whole of the discreunder the new rules. But, most im-portant of all, Lloyd's needs to show that tha audit is conducted as independently as can be, free of any

conflicts which may arise from an But it is not clear how much of auditor'a work elsewhere in the this hill finance has been placed on market deposit, and so boosted bank lending, and how much has been used to reduce overdrafts. Nor is that the only conundrum. A PSBR of £1.6bn Cambrian & General Any shareholder daunted by the complexity of Cambrian & General looks exceptionally high, while it is anyone's guess how much overseas gilt sales and the cashing in of tax certificates to finance PRT pay-Securities' latest rights issue can at least be reassured that Mr Ivan Boments have distorted the under esky (for it is he) believes in leading from the front. As chairman of the and law official funding. The Bank also refers mysteriously to "an exceptionally large positive in-terbank difference" which, in plain cent respectively of the ordinary and capital shares, the U.S. arbitra-geur intends to subscribe another English, may be disguised bank

ending. Even by casting its net wide, the £5%m himself. Some £4m of this Treasury could have found little reason for a base rate cut yesterday will pay for new capital shares at a evening. The Fed's decision to sy-phon funds from the money market had sent the dollar steaming ahead, sterling money rates had inched back up, and the Jaguar workforce had shown how much can be learnt from an offer-for-sale prospectus.

implicit in Mr Boesky's transatlantic strategy. They have seen a dra-matic rise in the asset value of their shares, however, and the ordinary shareholders are being offered rights at discounts of 9 and 21 per cent to the market price and asset value respectively.

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Reactions from other quarters. seem rather less predictable. At-tempts by the City of London to second-guess Mr Boesky's next move will have to look rather beyond the affairs of Anglo-Scottish Investment Trust, still a possible take over target. The Euromarkets' as-sessment of C & G's credit will be awaited with interest - and no doubt Mr Boesky's tax lawyers have burned plenty of midnight oil anticipating the Inland Revenue's attitude next spring to finding such jor step indeed. The previous mishmash of accounting methods not on-ly undermined confidence among the underwriting members but did Lloyd'a little good in the eyes of the a cuckoo in the investment trusts

### There is still a mountain of work Sears Holdings

If the market feels a bit disap pointed with Sears, it is not being entirely unfair. Before non-tradin items and tax, the six month total is a bare £200,000 (\$245,000) higher than last year at £59.5m, and al-though the All-Share is about a quarter higher than last October, Sears' share price is almost exactly where it was then; yesterday it fell 4p to 79%p, roughly ten times what most people expect Sears to earn in the full year.

The case in favour of Sears is that this year's result represents an improvement in earnings quality; having been achieved against a much less favourable retail background than the full-blown boom of early 1983, and with less help from capritrust so carefully engineered for his cious weather on the racecourses. needs, and holder of 12 and 80 per Sears can certainly point to imstern n proved results from its department stores and a move into profit from the Olympus sports shops. Against that, static profits from shoe retailing are hard to set in a favourable will pay for new capital sources at a 28 per cent premium to their adjust-iight. Butter Shoe has been a victim ed net asset value. But then, Mr Bo-esky has set his sights on a UK in-vestment vehicle which, with nearly 20m additional equity and pro-posed new loans of £28m, would of-back in the uk the organit energy. And in the UK the vogue for low-priced plastic "jelly" shoes cannot posed new loans of £88m, would of-fer him twice the present gearing be doing much for net margins, on C.& G's canital shares making on C & G's capital shares-making whatever its effect on unit volume.

Alto

### Jordan in risk capital concerns on bourse Arab unity BY RUPERT CORNWELL IN BONN

ings banks or chambers of com- schemes. Each venture capital con-THE WEST German Finance Ministry is putting the finishing touches to a draft Bill enabling the flotation merce. Legislation would ensure that small investors who bought of venture capital companies to shares in them would have equal help to channel funds to promising tax treatment. small or newly established enter Smaller companies in which the prises.

venture capital concerns take a The measure, which could win stake will benefit by gaining indirect access to a market for long-term risk capital. The latter would Cabinet approval next month, has two main purposes: to make West only be entitled to raise funds hy German stock markets more attrac-tive; and to meet the fashionable the placement of fresb shares. To make the idea as appealing as possible, the Bill is expected to offer complaint that not enough has been done to foster smaller, technologically innovative companies vital for substantial safeguards for ordinary

the country's economic future. investors. Although the exact minimum capital of the new companies has The venture capital concerns, according to Herr Hans Tietmeyer, State Secretary at the Finance Min- not been decided it will be fairly istry, could be set up by banks, sav- high, to deter the launch of dubious

cern will be required to spread risk by taking participations in at least 10 different companies. Clear prospectuses and detailed

Sr José Napoleón Duarte

virtues

reporting requirements will also be enforced to allow investors to gauge more exactly what risks they are taking on. This latest initiative is part of a

wider campaign by the Bonn Government to make life easier for smaller companies.

Two weeks ago the Technology Ministry announced a DM 500m (\$163.89m) programme to encourage research and development. To be eligible, a company must employ no more than 3,000 people and have annual sales of less than DM 300m.

**Bonn plans to allow flotation of** Accounting reform for Lloyd's syndicates

### By John Moore, City Correspondent, In Landan

A SERIES of accounting reforms designed to eliminate abuses and prevent scandals in the Lloyd's insurance market were introduced yesterday by the Lloyd's authorities.

Mr Ian Hay Davison, Lloyd's chief executive, said that key aspects of the reforms would not become mandatory until accounts were drawn up in 1985. . . . . . . .

He said that a "significant minority" of accounts of Lloyd's insurance syndicates, into which the 23,438 underwriting members of the mar-



THE LEX COLUMN

**Round trips off** 

**Brighton pier** 

78

King Hussein say at an official banquet that he wanted unity among the Arab states.

Arab power should be used in a "rabonal" and "organised" way, King Hussein said, stressing that his decision to restore relations with Egypt was not designed to divide the Arab world. He boped his meeting with Mr Mubarak would lead to wider Arab co-operation.

The King bas been accused of rupturing Arah consensus after his decision two weeks ago to reestablish ties with Egypt in the face of the Arah League boycott of Cairo five years ago.

But, while the King appeared to be challenging bis critics, notably Syria and Libya, his carefully-worded speech was conciliatory in tone, emphasising the theme of unity among Arabs. He said that, despite differences in the Arab world, Mr Mubarak's visit demonstrated that Arabs "face a common threat and should have a common response to that threat."

King Hussein expressed support for the Palestinians and hy implicabon criticised Syrian interference in the affairs of the Palestine Liberation Organisation (PLO). Jordan, he said, supported the PLO and its legitimate leadership in its bas risen to 127p from 65p, and of struggle to maintain its indepenthe capital shares to 184p from 44p. dence of decision-making.

This was a clear reference to Syria's attempt to direct the affairs of the PLO through support for Pales-tinian factions based in Damascus who are opposed to Mr Yassir Arafat, the PLO leader.

Mr Mubarak is accompanied by a group of senior ministers including the foreign minister and the ministers of economy and of planning and international co-operation.

These ministers are discussing ways in which economic co-opera tion can be developed between the two countries.

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Background, Page 4

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<u>.</u>

BY JONATHAN CARR IN FRANKFURT COMMERZBANK, one of West Munich stock exchanges on Octo-Germany's biggest banks, is head- ber 29th is Krones AG, a Bavarian Germany's biggest banks, is heading a consortium to hring a company to the stock market - the first time the bank bas acted as a new issue leader.

cess.

The move is a further sign of the steady expansion of the West German bourse after a long period of stagnation, and of the increasing contribution of the banks to the proand the U.S.

Dr Walter Seipp, chief executive, said that while this was Commerzbank's first new issue as consortium leader (other members are Bayerische Vereinsbank and Merck Finck) others would follow.

The company to receive an offifounding family. cial listing on the Frankfurt and

**Continued from Page 1** 

Publicity surrounding Camhri-

an's success bas attracted U.S. in-

vestors into its stock, and U.S.

ownership of votes now stands at

about 33 per cent. If it rose to 50 per

cent, Cambrian would become sub-ject to taxation by the U.S. Internal Revenue Service and would thus

lose the tax attractions which it af-

fords because of UK investment trusts exemption from tax on inter-

nal capital gains. The rights issue will reduce U.S. ownership slightly.

Although most of Cambrian's in-

vestments - in its own name and

through a Bermuda-based trading

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Responding to press comments that the issue price seemed high, Dr Seipp stressed that Krones, with a group turnover over DM 250m, was "a pear!" with a solid history of anical engineering group. Krones, a family business which earnings growth and technological

has had the AG form (joint stock company) since 1980, is described as the world's leading supplier of automatic labelling machinery. It has about 70 per cent of the world market and a somewbat higher share than that in West Germany

Boesky's UK trust to raise £19.8m

stood that the takeover activity in

Britain this year has attracted Mr Boesky to take a greater interest in

Cambrian would not identify the bouse which will handle its two Eu-

rodollar issues - a \$60m 10-year un-

secured borrowing and a \$50m se-

ven-year note secured by a change-able basket of securities within

The share issue is at 100p per or-dinary share, compared with Cam-

the London market.

Cambrian's portfolio.

**Commerzbank leads public issue** 

company to receive an official bourse listing this year. Three other It is aimed to raise DM 64.4m newcomers have also been admit-(\$21.0m) for the company, through ted to the regulated "free market." an issue between October 17 and 23 This already marks an advance of a nominal DM 7m worth of non on 1983 when there were 11 new isvoting preference shares at a price sues which was seen as a striking of DM 460 per share. The majority advance after years of stagnation. of the capital will stay with the Eurobonds, Page 36; Mexico's

abortive loan deal, Page 5

The rights issue heightened speculation about Cambrian and Lon

Mr Robert Harris, senior partner

innovation. He also noted that the

preference shares would be entitled

to a higher dividend than the ordi-

nary shares.

ket are grouped, "are not in good enough shape" to satisfy the new accounting requirements. The delay was designed to allow underwriters to change their internal accounting systems to meet the new requirements.

Under the accounting reforms Lloyd's, through a hy-law, is insist ing that accounts of the market's 430 insurance syndicates are prepared in detail and assessed by au-ditors on a "true and fair" hasis. Standard accounting procedures are to be adopted replacing previ-

ous methods whereby different ac-Krones will be the tenth new counting methods were used througbout the market.

Mr Davison said that if the new accounting proposals were imple-mented imediately, he had received indications from Lloyds auditors that 130 of the market's insurance syndicates might receive a qualified auditors' report to the accounts.

> "We face a big educational problem and we have a long way to go. But two years ago these reforms would have been unthinkable in the Lloyd's market," Mr Davison said.

Records in some cases had not manship. In the past year alone, net subsidiary, Farnsworth & Hastings London and Manchester have been asset value of the ordinary shares - are in U.S. stocks, it was under- underwritten by J. Henry Schroder been kept with sufficient care by Lloyd's professionals to allow "true and fair" view standards of accounting to apply, he said. Lloyd's offi-cials said that although underwriters had in many cases maintained don and Manchester's intentions rethe information required in the new garding Anglo-Scottish Investment Trust, in which they are both mi-nority sharebolders. Anglo-Scottish accounting rules, the information had been kept private and not re-conciled with the accounts presentwill hold an extraordinary general ed to underwriting members. meeting on October 16 to vote on proposals to unitise part of the trust and divide the remainder into two

Mr Davidson said that the Institute of Chartered Accountants' research department was carrying out a survey into the accounts prepared by Lloyd's underwriters Syndicate accounts now have to be filed on a central register which is open to the public for inspection. See Lex; Details, Page 24

Lloyd's The Lloyd's decision to bring its

sets worth about £6 a capital share. Other shareholders presumably solid results. Perhaps Sears should need little reminding of the high really try to buy Harrods or considaccounting practices into line with risk involved in such gearing, not to er becoming the white knight of the the world beyond its walls is a ma- mention the foreign exchange risk white goods sector.

every £1 jump in the underlying asseems to be in need of more than

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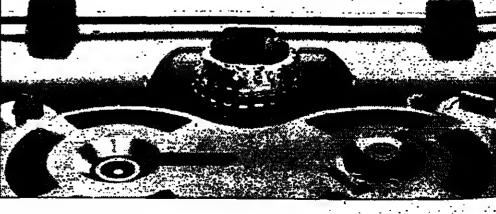
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### ICI looks for takeover targets

brian's closing price yesterday of 109p, unchanged, and at 210p a capi-tal share, compared with yester-day's 220p, up 1p. Shares not to be taken up by the Boesky group and Scottish stake.

#### BY CARLA RAPOPORT IN TOKYO

BRITAIN'S Imperial Chemical Industries (ICI) is planning to in-crease its acquisition activity mar-554 88 84 75 kedly over the next few years with the aid of a new top-level management team to be formally appointed this week.

The move is expected at least to double and perhaps to trehle ICI's annual expenditure on acquisitions, currently running at between £70m and £90m (S87m - \$111m) a year. 8854 The acquisitions will be aimed at continuing ICI's move into high value-added, marketing-orientated businesses, with a particular emphasis on expansion in the U.S. and

"We cannot rapidly change the shape of our business without actively going into acquisitions," said Mr David Nash, 1CI assistant treasurer and soon to be appointed head of ICI's acquisitions team.

new investment trusts.

ICTa potential targets will be in line with its current businesses, ranging from paints to pharmaceuticals, as opposed to new areas of busines

Mr Nash said the group was particularly interested in identifying companies that may not be on the market hut would none the less be a prices in the sector. good fit for ICI. "We will be monitoring companies that look interesting,

as opposed to waiting for offers to come in," said Mr Nash. The team will be most active in looking for acquisitions in agro-chemicals, special chemicals, elec-

tronic chemicals, and advanced composite materials such as engineering plastics. In the area of pharmaceuticals, the group will be interested in ex-

pansion through increased licensing of new drugs, hut is unlikely to buy another drug company outright because of the unusually high

ICI's team of persuaders, Page 17

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## **SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES** Wednesday October 10 1984

# Steyr plans large group overhaul to cut losses

#### BY PATRICK BLUM IN VIENNA

trian motor and engineering group, which has made heavy losses in re-

even in 1988, and to pay a dividend four years later, Group losses last year totalled Sch 290m (\$13.7m). Production plants in St Valentin

and Letten and one plant in Graz will be closed. Production will be concentrated in three remaining plants in Steyr (trucks, tractors and small firearms), Vienna (buses and tanks) and Graz (four-wheel-drive vehicles, bicycles and mopeds). The workforce will be cut from

14,500 to 13,100 and workers from

STEYR-DAIMLER-PUCH, the Aus- the closed plants transferred to the anstalt Bankverein, which holds

remaining ones. The company has been making cent years, is to close plants and step up capital spending as part of a programme of rationalisation: The company is aiming to break then reduced to Sch 290m in 1983. Herr Michael Malzacher, general director, says that it is too early to and to pay a dividend losses since 1981. In 1982 operating losses climbed to Sch 690m and predict how the company will fare this year.

The company has suffered from the decline in the European bicycle and moped industry, from difficul-ties in its operations abroad and from government restrictions on arms sales. About 150 Kürassier

Steyr's main shareholder, Credit-

about two thirds of the shares, is eager to improve the company's performance, which is the biggest loss maker among its industrial holdings. The remaining shares are held by small, private investors in Austria, West Germany and Switzerland

The rationalisations will require approval from the workforce and some tough negotiating will have to be done since the company's work council has already said it will oppose closures.

light tanks are unsold after an un-expected refusal of an export h-cence for Chile in 1980. The company is trying to in-crease its share of the domestic market in civil and military products and to expand exports.

### Oil service operators in \$600m fleet link

By William Hall in New York ZAPATA CORPORATION, Houstoo Natural Gas and Halliburton, three leading Texas oil service companies, are merging their offshore tung and supply boat operations in a bid to combat the depressed conwarned in Paris. ditions in the offshore oil services industry.

The deal is the latest move towards restructuring an industry which has been badly affected by cuts in oil exploration, debt-burdened balance sheets and high

interest rates. The merger of the three fleets will create the biggest offshore oil service fleet in the world with 325 coats and assets of \$600m.

The new venture, which will be called Zapata Gulf Marine Corporation, will operate around the world and will be slightly larger than Tidewater, which is one of the world's biggest offshore supply boat operators. Tidewater itself faces a possible takeover from an investor group led by Mr Irwin Jacobs.

mues advanced just 16 per cent. tions offset adverse market condi Zapata will own 42.6 per cent of tions at CBS Toy International. In the aew venture and contribute 76 boats. Houstoa Natural Gas is contributing 159 vessels and will vithdraw 130m from the fleet operations in the form of an intra-company dividend before the deal is completed, Halliburton will contribute 90 vessels and withdraw 20.

# **Conti-Gummi warns on** French tyre subsidies

### BY PAUL BETTS IN PARIS

FRENCH state subsidies to lameduck tyre manufacturing operations risk causing severe distortions

turned down approaches by Continto a market already suffering from 10 to 15 per cent overcapacity, Herr ental Gummi for comparable aid "We were left alooe to sort out our Helmut Werner, chairman of Conproblems in France," he remarked. Continental Gummi, which martinental Gummi, the West German tyre and rubber products group, kets its tyres under the Continental

and Uniroyal margaes, owns two plants in France and employs 2,800 people. Annual sales of the two Freach tyre plants total about FFr 1.2bn, of which exports account for

The West German executive claimed that French authorities bad Herr Werner pointed out that is Britain, Continental Gummi had managed to resolve its difficulties at its tyre plant at Newbridge in ABBOTT LABORATORIES, the Scotland. The plant was originally fast growing U.S. health care proddesigned for export production until ucts group, increased its third-quarter net income by 13.8 per cent to \$91.4m or \$0.76 a share.

the strengthening of sterling made it uncompetitive. The plant, however, bad since found the necessary sales in the UK market to maintain its viability. Contineatal Gummi now expects a 4 per ceat increase in group sales this year compared to 1983, despite the impact of the metalworkers quarter and growth in operating man group reported sales of DM

3.387bn (\$1.1bn) last year and now expects sales of about DM 3.5bn this year.

### **Bid for Belgian** publisher

health care expenditure.

BUILDING SUCCESS

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Earnings

retained

at Abbott

By William Hall in New York

The Chicago-based company

which has reported rising earnings

for more than a dozen consecutive

years, experienced only a margina

rise in sales to \$731m in the third

earnings slowed to 8.3 per cent. Mr Robert Schoellhorn, chair-

mao, said the company's hospital-

related business was being affected

by cost containment measures that

ave slowed hospital and related

momentum

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#### By Our Financial Staff

HACHETTE, the French publisher, is to join forces with Groupe Bruxelles Lambert ia acquiring the Belgian publishing group Dupuis for BFr 1.3bn (S2.1m).

After the takeover, Hachette will bave a 60 per cent stake in the pub-lisher and GBL 40 per cent. GBL said yesterday that agreement in principle had been reached be-I tweea all parties.



### **Television plays key role in** sharp CBS profit advance

#### BY TERRY BYLAND IN NEW YORK

CBS, the leading U.S. entertain- rev ment and communications compa- The CBS/Records group lifted op-ny, yesterday announced 46 per erating profits by 52 per cent on a "key factor." rey factor." Net profits rose from \$33.4m or

cent rise in third-quarter net earn- revenue increase of 15 per cent, reings, with the strong performance flecting a solid performance by new of the CBS television network a releases including works by Julio Iglesias and Bruce Springsteen. Publishing group profits rose 24 \$1.12 a share to \$48.8m or \$1.64, per cent on a revenue gain of 10 per

month stage, earnings are 60 per margins in a quarter that tradition-cent ahead at \$176.3m or \$5.98 a ally produces the year's highest share; against \$109.9m or \$5.70, profits. Sales so far this year are up from \$3.11bn to \$3.58bn. Sales musical instruments

**Eastern** moves out

EASTERN AIR LINES, the fourth duction and productivity improve-

of red in quarter

BY OUR FINANCIAL STAFT

while revenues advanced from cent, with educational, professional \$1.02bn to \$1.19bn: At the nine and magazine operations improving

Profits at CBS/Broadcast, which and toys, were substantially retakes in the TV networks, rose 34 duced as revenues rose 41 per cent. per cent in the third quarter, while Success at the domestic toy opera-

the 1983 quarter the group ceased operations at its domestic video game software business. Mr Thomas Wyman, chairman and chief executive, commented; "We are very pleased with the continued growth and progress of our

base businesses. Their competitive performances in most areas are strong and operating profit margins continue to improve. The television networks have tra

ditionally brought in about 40 pe cent of group revenues, but CBS al so owns the world's largest record company, which is at present bene fiting from strong sales

IC Industries benefits from land disposal

IC INDUSTRIES, the U.S. conglomerate with interests ranging from

By Terry Dodsworth in New York

Pepsl-Cola bottling, more than doubled third-quarter net profits,

helped by a \$25.7m pre-tax gain

BY OUR NEW YORK STAFF \$71.6m during the third quarter but able period. expressed concern about results for

group.

the current three months.

Earnings for the nine months are 4.4 per cent up at \$193.9m or \$3.49 a share on a sales gain of 10 per cent ting those factors would be the re-

INTERNATIONAL Paper, the at \$3.6bn. The last guarter includes cent start-up of a third machine at world's largest paper manufacturer. \$16.8m from land sales, against a the Georgetown mill, increased earnings 7 per cent to gain of \$123.7 in the last compar- Earnings at IP recovered strongly

Sales for the quarter retained chief executive, said, however, that their momentum with a 9.4 per ceot the final quarter result by the said the final quarter result by the said the sa enced by weak export earnings and the pressure of the strong dollar on lumber and plywood prices. Offsetin profits in the third quarter.

last year but the pace is now slow-

ing down. Year-end earnings appear unlikely to match some forecasts oa Wall Street. Meanwhile, Consolidated Papers, which concentrates on enamel paper for the printing industry, achieved a further substantial gain

The West German group is worri-ed about the beavy reliance of its French operations on export sales. Herr Werner said. The West Gertyre operations and to advance FFr Herr Werner said he would like to 4bn in the form of preferential loans by nationalised banks to Mi-chelin, the leading French tyre domestic and export sales in France. **International Paper lifts result** 

#### Herr Werner, whose group bas large tyre manufacturing operations in France, was particularly critical of recent French Government decisions to advance about FFr 788m. Its French operations FFr Ibn (\$107m) in subsidies to Su- are profitable at present. mitome Rubber of Japan to aid its rescue of Dunlop's troubled French

largest U.S. domestic 'carrier, ments," he said, achieved a net profit of \$3.5m for "Because of on the third quarter. That compared with a \$34.4m loss a year ago and was the first profit since the fourth quarter of 1982.

At the operating level, profit was a record \$60.9m against a \$17.5m loss a year ago but the pershare figures showed a loss, down from \$1.35 to 7 cents, after undeclared preferred dividends.

For nine months, the airline's net traffic control-related delays; and loss was \$48.7m, or \$1.69 per share, low yields resulting from severe down from the \$128.9m, or \$5.46 a

share a year ago. Revenues for the quarter reached Revenues for the quarter reached ter appears greater when allowance \$1.09bn, up from \$995m, taking the is made for the \$32.9m gain from nine-month total to \$3.25bn, com-pared with \$2.96bn. is made for the Salar gain from the sale of tax benefits on leasing in the corresponding three months.

Mr Frank Borman, president and Operating expenses in the quar-chairman, attributed the improve- ter were up less than 1.5 per cent at ment in the third quarter to strong \$1.03bn: traffic and reduced costs. There re-For the whole of 1963 the compamains a need for continuing cost re- ny.lost \$183.7m.

tion of flights on the East Coast we experience more competition from the low-cost carriers than any other major carrier. To compete effective-

down," he added. Among the factors behind the nine-month deficit was a \$35.1m allocation to the employees' share

from the sale of land in Chicago. ly, our costs must continue to come Net earnings rose from \$19.6m or 45 cents a share to \$41.9m or \$1.06 in the third quarter, while sales rose from \$953.3m to \$1.02bn. The company said five of its six subsidparticipation plan; an increase in costs, estimated at \$35m, due to air

iaries reported strong improve ments in earnings, with railroad ac-tivities, buoyed by the special gain, bringing pre-tax profits of \$35.6m against a \$3.2m loss. The recovery in the fourth quar-IC began to recover last year from a profits slump in 1982, and is

in the process of acquiring Pneumo Corporation, another diversified group with interests in a mixture of aerospace, defence and food distribution businesses In the first nine months of this

year the group achieved net earn-ings of \$88.8m, or \$2.22 a share.

# **ICI's team of persuaders**

CHEMICAL GROUP GEARS UP FOR ACQUISITIONS

competition.

#### BY CARLA RAPOPORT IN TOKYO.

ICI, which this week announces the ing to Mr Denys Henderson, ICI's formation of a top-level acquisition executive director, who organised team, is not very interested in hearing from merchant banks, however. "Money on its own is not neces-

sarily enough to make a good acqui-sition," said Mr David Nash, ICI asport directly to an ICI executive board memb

years alone, it has yet to develop any central, aggressive purchasing skills. The recent surge in chemical sales has generated a great deal of. cash at IGI, however, so the group merated a great deal of.

those skills. The group still expects strong or result, he says he is not sure ICI sing growth from its pharmaceuts has handled these proposals too cals and agrochemicals business, well. but would like to enhance the None the less, it is really the third

executive director, who organised the acquisition team, there are three kinds of acquisitions. First, there is in-filling, such as ICI Paints' purchase of a French paints sition," said Mr David Nash, ICI as-sistant treasurer, soon to be ap-its product sales geographically. "These we have not handled too badly," Mr Hendersoa said. The second category originates

oard member. "We have to be both monitoring nancial institutions. "You are seeing ICI might also be considering the the market and learning how to per more rationalisation and the costs suade someone to sell." Mr Nash of specialised businesses are going said. Although KI has long been ac up. Only the big international busies with widely spread cost hear about almost anything on the market in our area," Mr Henderson said.

These offerings had until this week been handled ad hoc by seis well placed to begin developing mior staff. As ICI has cut back stringently on management staff in re-

With more than half of KI's sales cent years, there were fewer people tied to heavily cyclical commodity businesses, the largents to consider the proposals. The people we have, we hope are such encourse through acquisition has increased markedly recently. gainfully employed in running the business, Mr Henderson said. As a

growth in specialised areas to gain area of acquisitions that ICI is most where we can add our technology or mare protection against new entimisantic about. That involves marketing edge to the party. We are competition in its traditional chemic seeking potential acquisitions already a massively diverse group, cal businesses from energy rich which may not be considering sell-countries such as Saudi Arabia, and ing. "We will be looking at things prove," he concluded.

WHEN A COMPANY with sales of from the next cyclical downturn, tot on the market." said Mr Nash. That might turn ICI into an unwel-come predator for a publicly listed company for the first time for decompany for the first time for ades. About 20 years ago, the group tried to buy Courtaulds, but failed

More recently, a bid for Cardo of Sweden fell through. "Wa do not want to get swamped by what comes in," Mr Nash said. At the same time, the new team

> will act as a centralised clearing house for those companies who tout other companies. "At least they will 'know who to call," said Mr Hendersoa with a smile.

purchase of a large group with an eye towards winnowing out the businesses it wanted to integrate and divesting the rest. You can pay tive in acquisitions, having bought nesses with widely spread cost and divesting the rest. You can pay some 20 companies in the past two structures can survive, so we get to a lot for a pure pharmaceutical company, say, and it is very rare that you get 100 per cent of what you want," he said. As a result, the

group will be monitoring larger groups with attractive subsidiaries as potential takeover targets.

Mr Hendersoo gave a warning however, that ICI must not expect too much from acquisitions. "This is not flavour-of-the-month stuff. Innovations and breakthrough products are still the name of the game and they will still come from inter-nal growth. ICTs growth overall will still be largely internal," he said.

"We are looking for acquisitions marketing edge to the party. We are



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Financial Times Wednesday October 10 1984 **INTL. COMPANIES & FINANCE** 

# Swedish steel group to sell assets worth \$80m

#### BY DAVID BROWN IN STOCKHOLM

AVESTA, the Swedish stainless steel gronp in which China may prove our balance sheet and eventually take a major share- solvency ratio," said Mr Jan holding, is to sell most of its Carlen, the managing director, bydropower assets for nearly yeslerday. The sale follows a SKr 700m (\$80m) as part of a recent public offer of shares to SKr 700m (\$80m) as part of a recent public offer of shares to broad-ranging restructuring raise SKr 308m.

plan After the disposal, Avesta The deal will allow Avesta, formed earlier this year in an expects to make a profit of SKr 175m this year (it lost SKr 162m in 1983) but says results will decline during 1985 extensive consolidation of Sweden's entire special steel and 1986 as the estimated SKr 600m cost of rationalisation industry, to reduce interest costs by up to SKr S5m and improve operating results. is borne. It has already an-

### Ambrosiano considers merger

#### BY ALAN FRIEDMAN IN MILAN

NUOVO BANCO Ambrosiano, the bank's top management to the Milan-based bank which was commission a study exploring formed two years ago following prospects for a merger with La Centrale, in which it bolds a 47 per cent stake. The man-date came after the Bank of Italy blocked an effort to sell the collapse of the late Sig Roberto Calvi's Ambrosiano group, bopes to merge with its La Centrale financial subsidiary. Professor Giovanni Bazoli, chairman of the bank, says be La Centrale to a consortium of 20 Italian banks. Making his first formal comwould like to see a merger completed during the first half ment on the subject, Professor Bazoli said in an interview that of 1985. of 1985. He says he is particularly interested in seeing Nuovo Ambrosiano obtain a quote on the Milan bourse. This would a merger between the listed La Centrale and the unquoted Nuovo group (it is owned jointly by seven banks) was not the easier solution, but

be a direct result of a merger with La entrale. would nonetheless be a better Last July the board of Nuovo Ambrosiano gave a mandate to

"The easier solution would could be achieved.

### **Roussel-Uclaf profits ahead by 64%**

ROUSSEL-UCLAF, the Franco-German pharmaceuticals.group 54.5 per cent owned by Hoechst, yesterday reported a 64 per cent Increase in first-half net earn-ings, to FFr 282.2m (\$30m) from FFr 170.6m in the first balf of last year. The rise in earnings continues

to reflect the strong growth of the group's foreign sales, which account for about 70 per cent of group revenues,

### "The main factor is to im- nounced several major planned

closures. The company, which is part The company, which is part of the Johnson group, has Euro-pean market shares of over 20 per cent in weided stainless tub-ing, about 20 per cent in hot rolled plate and some 5 per cent in co'd-rolled strip and sheet products. A Chinese delegation inter-ested in buying a stake in Averts in order to stale and

the new company, Findomes-tic, will be based in Florence. Its Italian shareholders, which hold 65 per cent of the equity of L5bn (\$2.7m), are the Cassa die Ri-sparmio di Firenze, the Banco di Sandary the Cassa di Birante Avesta in ouying a state in Avesta in order to gain access to its technology is touring the facility. China could take a 25 per cent stake in Avesta.

pany Centro Lensing. Compagnie Bancaire Cetelem will hold the remaining 35 per be a quick sale," said the Nuovo Ambrosiano chairman. But he cited three reasons wby a merger would be more desirable: it would prevent the group from losing control of La Centrale, which is a "valuable asset;" it would mean that Nuovo Ambrosiano would have Findomestic will introduce la-to Italy financial services in the field of retail trade and distribu-tion, and will operate alongside leasing and factoring services. The involvement with the

stake

French company is another ex-ample of a trend in which Italian banks are forming joint ventures asset;" it would mean that Nuovo Ambrosiano would have an official stock exchange listi-ing; an dit would mean that the group would be owned not just by seven banks but by 50,000 small and institutional share-holders. Professor Brazoli said the exploratory study would not be complete for some months but banks are forming joint ventures with French institutions to ob-tain specialized French know-how. Last November, Banca Nazio-

**Banks** link

in finance

services

venture

By James Buxton in Rome

A GROUP of Italian banks has

set up a company to specialise in financial services for the retail trade in which the French group Compagnie Bancaire Cetelem

will have a significant minority

The new company, Findomes

Sardegus, the Cassa di Risparm-io di Pistoia and the leasing com-

nale del Lavoro set up an opera-tive leasing company with the French leasing company innobail.

Cetelem, which operates in several parts of Europe, claims to be the higgest European co er credit organisation.

J. Lauritzen expects

By Hilary Barnes in Copenha

I. LAURITZEN Support Compa-ny, which operates one of the world's largest fleets of relifies-ated vessels, expects to make a substantial loss in 1984 according. to a half year report. In 1963 the company made a pre-tax profit ; of DKr 258m (\$24,6m)

Unfavourable market dev ments in almost all the sectors in which the company in engaged, together with the strong dollar, which has increased debt finance ing requirements, were blamed for a poor result. No figures were TIVED.

-given. The company said that the im-balance between demand and supply in its markets was likely to persist for up to two years

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# BY PAUL BETTS IN PARIS

Total group sales rose by nearly 20 per cent to FFr 5.5bn in the first half compared with FFr 4.6bn. Cash flow in the first balf rose to FFr 452.1m from FFr 278.1m in the same period last year, The company said yesterday that activity in the third quarter

continued at a sustained level paper with the balance spread and that the outlook for he last between two sets of variable quarter was satisfactory. How- rate bonds.

Price war hits Brinkmann BY RUPERT CORNWELL IN BONN

> FIERCE PRICE competition Brinkmann would suffer a and a contracting West German similar loss in 1984-85. Only in tobacco market are leading to the following year would its beavy sustained losses at Martin accounts be back in balance, as Brinkmann, the cigarette manu-facturer controlled by the cost cutting measures worked through,

> Rothmans group. The concern, whose share of The company is committed to reducing its workforce by the German cigarette market reducing its has s'apped to 12.5 per cent almost a third from more than 14 per cent 18 1985 to 2,150. almost a third by the end of

months ago, yesterday reported a loss of DM 58.5m (\$19m) in the financial year to last

ever, it expected second-half sales to increase at a slightly lower rate than in the first half • Credit Agricole, the big bank, is to raise FFr Sbn (\$320m) via the Paris capital market through a three-part bond issue. The bulk of the funding (FFr 2bn) will be in seven-year fixed rate

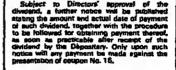
complete for some months, but in any case he hoped a merger



### March 31. March 31. Mr Theo van Corkom, chief executive of both Brinkmann and Rothmans' European divi-sion, warned moreover that

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The Morgan Bank specialises in meeting the needs of the world's major multinationals.

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### **INTERNATIONAL COMPANIES and FINANCE**

Chris Sherwell reports on the formation of a powerful new publishing base

### Singapore merger creates press monopoly

WHEN SINCAPORE'S three major newspaper and publishing companies announced a remarkable merger in July, the parties involved didn't know what they would call the new company, or even who would head it. The move precipitated some controversy, with journalists pro-testing volubly and many people thinking the powerful hand of the government was at work.

The merger document published tast week, with Morgan Crenfeli, the merchant bankers advising, reveals the long-awaited details. It goes to great lengths to explain the com-mercial logic behind what is perhapa Singapore's grandest ever merger.

The new company, to be called Singapore Press Holdings (SPH), brings together two sister companies, Time Publishing and Straits Times Press, with Singapore News and Publica-tion (SNPL). Wagea have already dubbed the new comtion (SNPL), Wagea have already dubbed the new com-pany, effectively a Press monopoly, the Newspaper Lyn Holloway, the present Authority of Singapore, an maoaging director of Times allusion to the Monetary Anthority of Singapore, the Press. government agency which con-trola the banking sector with a rod of iron.

The opposition group, led by Datuk Koh Kim Chal, a lawyer

BY WONG SULONG IN KUALA LUMPUR

A FIGHT for the controt of group is now seeking an extra-Kamunting Tin Dredging is ordinary general meeting in the shaping up between Malaysia Mining Corporation (MMC), the country's biggest tin company, and a group of Malaysian and Singaporean shareholders Singaporean shareholders

Datuk Koh Kim Chal, a lawyer of Perhas Charter Management, turned businessman, won the MMC management company, the first round last week when as managers for Kamunting. Datuk Koh and Mr Philip Datuk Koh's group is believed Nainan, his associate, were to hold 30 per cent of Kamun-elected to the Kamunting board ting's 4m shares of 50 cents instead of two MMC nominees. each, while MMC holds 24 per Following this victory, the cent.

SPLYUN (US\$647m), making it SPH in proportion to the three morning paper. Both would Singapore's biggest industrial companies' shares prices on have competed directly with group. It will be the sixth June 18. At that date SNPL existing SNPL newspapers. Singapore Stock Exchange, be-hind Sime Darby, the Malaysian Press at SS11. The dominant planet to publish a morning capitalisation of around will be exchanged for shares in S\$1.4bn (US\$647m), making it SPH in proportion to the three plantation group, and some of the very banks which will con-trol it. It will also be the single largest media grou pin South-East Asia, rich in cash and with Interests around the world. three companies.

#### Share exchange

**Fight for control of Kamunting** 

of Datuk Koh as managing director, and the termination

of Pernas Charter Management,

The chairman will be Mr Lien The chairman will be Mr Lien Ying Chow, chairman aod man-aging director of Overseas Union Bank, and the deputy chairman will be Mr Yong Fung How, chairman and chief execu-tive of Oversea-Chinese Bank-ing Corporation. Both hanks are among the country's "big four." The chairmen of Times Publishing Straigs Times Prass ernment telecommunications agency — will receive 1,388 shares in SPH for every 1,000 beld and Straits Times Press shareholders will receive 1,896 for every 1,000 held. Publishing, Straits Times Press, and SNPL will retain their posi-All shareholders will mean-while receive a handy second interim dividend upon comple-tion of the deal in December. SPH, with an authorised capital of SPEOP with an authorised capital

of S\$500m, will have a paid-up capital of S\$243.25m. Last week's document con The terms detailed in the firms that Straits Times Press

Kamunting bas been an

investment company since its

tin deposits were exhausted in 1982. Datuk Kob's supporters

feel MMC has failed to seek new areas of business for

Datuk Kob joined the Kamunting board in September last year, and has proposed several timber and property

acquisitions for the company,

hut these have been rejected hy the MMC directors recently and this has sparked off the board

document are substantially has dropped plans to start an those of the original agreement. afternoon English - tanguage

Kamunting.

SPH will bave a market Shares in the three companies newspaper, and is reviewing costly will be exchanged for shares in plans to publish a Chinese SDH in proportion to the three morning paper. Both would plans to publish a morning paper that would have taken on the migbty Straits Times. states that these prices " reflect fairly " the earnings of the Estimates published in the

document suggest that share-holders in Times Publishing, Straits Times Press, and SNPL would all have suffered a sub-SNPL sharebolders, notably SNPL sharebolders, notably Overseas Union Enterprise and its associate Overseas Union Bank, will receive 1,000 shares of \$\$1 SPH for each 1,000 they own. Similarly, Times Publisb-ing shareholders—potably Creat Eastern Life Assurance, part of the OCBC "stable" of com-panies, and Telecoms, the gov-ernment telecommunications stantial reduction in net earnlngs per share if competition between them had simply gone ahead. This is because of the effects on advertising revenues, promotional expenses and depre-ciation charges for duplicated equipment.

### Competitive element

While hoth Stralts Times and SNPL ahareholders stand to see lower earnings after the merger, the document makes clear that even lower returns could have been expected if the two companias had continued with their separate and conflict-ing expansion plans.

tourist and transport company, is to raise NZ\$14m (US\$6.8m)

from a ahare issue to existing share holders to finance the

formation of a new independent.

Recent changes to New

Zealand aviation regulations have opened the way for more independent operators, TNL is

airline.

two companias had continued statement of estimated con-with their separate and conflict-ing expansion plans. However, this hegs the second group pre-tax question of what might have profits of \$\$124.5m, of which happened if one or other had 44 per cent comes from the amply backed down from a giant Times Publishing.

TNL to raise NZ\$14m

for new airline venture

operations.

BY OUR WELLINGTON CORRESPONDENT

costly circulation struggle, trimmed its costs or even been taken over by another company. These alternatives are not examined According to the document

the directors of the three companies "recognise the companies benefits of a competitive news-paper industry " and believe the merger can preserve a competitive element so that the individual newspapers will continue to compete with one quality of their journalism, and for readership and stories." Nevertheless, it now seems

Nevertheless, it now seems likely that no two newspapers among the total of 10 being published will compete for the same market. Instead there will be an "upgrading of editorial content" and the development of "commoo ideals for newspapers." As for the nowerful new

As for the powerful new publishing base being created, the document offers no profit projections. But a pro-forma statement of estimated con-

TNL, A MAJOR New Zealand Newmans Airways with fit into scale of operations."

the company's existing tourist NZ\$50m in the previous year. The offer of one new share for every five existing TNL shares will be made at NZ\$2a premium of NZ\$1.50. Part of the proceeds will be used to buy two Dash Seven airliners from De Havilland of Canada. the parent company of New-Funds will also be used to buy mans, the country's largest tonrist passenger coaches and tourist operator and the pro-posed airtine,' to be called van terminals.

### Saudis plan flotation of industrial company

#### BY DOUG GRAHAM IN RIYADH

Investments By Dai Hayward in Wellington

**Record net** 

profits at

**Brierley** 

BRIERLEY INVESTMENTS the master company of Mr Ron Brierley with operations in New Zealand and Australia, has ter of Industry and Electricity. National Industrialisation Comreported a record after tax profit for the year to June of NZ\$46.6m (U.S.\$22.7m)—a rise of \$4 per ceot over last year'a NZ\$25.4m. pany (NIC) will be capitalised at US\$171.4m.

The shares in NIC are to be offered in the first week of December for a period of a month. The 121 founders of NIC, which include E. A. Juffalis and Brothers, and A final tax free dividend of 5 cents a share is to be paid making a total dividend of 7.5 cents a sbare. The directors say they aim to raise future dividends to 10 cents a share.

Juffalls and Brothers, and National Commercial Bank, will own 25 per cent of the company. The remaining 75 per cent will be floated by the Consulting Centre for Finance Although the devaluation of Although the devaluation of the NZ dollar in July reduced profits by NZ\$1.6m and increased international debts by NZ\$5.2m, the contribution from Industrial Equity (IEL), the Australian subsidiary iocreased by NZ\$3.7m. There was also a gain of approxi-mately NZ\$12m on the increased book value of IEL'a and Investment in Riyadh, which is emerging as a quasistock market. Dr Mahsoum Jalal, the chair-man of NIC, originally tried to secure government participation in NIC. The Public Investment increased book value of IEL'a assets expressed in local currency.

Fund, the General Organisation for Social Insurance, Sahic and for Social Insurance, Sahie and the state pension fund were hetween them expected to buy a total of 20 per cent of NIC. However, when Saudi Arabia'a Council of Ministers finally approved NIC last month, plans for measurement satisfication The company plans to raise NZ\$66m through a one-for-five rights issue at NZ\$2 a share. It also plans to make a one-for-five scrip issue.

After the new issues the paid np capital of the company will be NZ\$119m in 238m sbares. The issues of the company will be nZ\$119m in 238m sbares. The cancelled, The resent for this said Mr

be NZ\$119m in 238m soares. The issues announced yester-day are the largest ever made by Brierley but the directors say their size should be com-pared with the "obvious momentum of our increased scale of operations" ment considered that there was enough public demand to launch the company. When Sabic offered 20 per cent of its shares to the public earlier this

year, the US\$571.4m issue was oversubscribed three times. The Pre-tax profit for the year was NZ\$111m compared with government later offered another 10 per cent of Sahtc NZ\$50m in the previous year. Tax paid was NZ\$21.3m com-pared with NZ\$5.1m in 1982-83. The report by the directors underlines the extent of Brierley's expansion during tha past 15 months. Since June 1983 materials for Saudi'a industria-to the public. NIC intends to provide basic materials for Saudi'a industria-to the public are provide basic company, and metal wire with a West German company. NIC

NIC intends to integrate PUBLIC EQUIVALENT of some of its plants with Sabic the essentially state-owned some of its plants with Sabic Saudt Arablan Basic Industries to achieve greater efficiency. Corporation (SABIC) has been officially announced by Mr Abdul Aziz al-Zamil, the Minis-Like Sabic, it will rely on foreign partners to help market output. Mr Al-Zamil sald companies

dealing with N1C will have access to all the states in the Culf Co-operation Council

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NIC, it is boped, will be a prime candidate for investment as it should be attractive to American contractors seeking Saudi partners to implement the Offset Investment Pro-gramme. This is a Saudi plan requiring American companies bldding on the support system for the AWAC's surveillance aircraft to offset its costs through investment in Saudi Arabia

U.S. companies will be re-quired to invest over U.S.\$500m to offsat the U.S.\$3.940n com-mand control, communication and intelligence (CSI) system for the AWAC's and NIC plans to play an important role in this investment activity.

NIC is expected to invest in Saudi industries together with foreign partners. Dr Jalat said the ideal percentage of foreign were cancelled. The reason for this said Mr Cent in each project although Al-Zamii, was that the govern-foreign participation of up to 50 per cent will be permitted. NIC already plans to invest 9 per cent in a Saudi pharmaceutical company, 45 per cent in an oil refinery operation, and 20 per cent in an already existing chemical fertiliser plant.

Other possible projects init has made 15 formal takeover offers, of which seven have been successful and two are still current.

All of these secur	ities having been sold, this announcement appears as a matter of record only
<b>A</b> A- <u>1</u>	3,000,000 Shares
	Club Med, Inc.

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Shares of Common Stock of U.S. \$1.00 par value

100,000,000

20

Common Shares Lehman Brothers Shearon Lehman American Express Inc. E. F. Hutton & Company Inc. Lazard Frères & Co. Merrill Lynch Capital Markets	The Council of The Stock of the Company issued a	c Company are available in the Extel Statistical isual business hours on any weekday (Saturdays a	e 21,906,313 Shares of Common Stock Service and copies of such particulars nd public holidays excepted) up to and ited
Atlantic Capital The First Boston Corporation Bear, Stearns & Co.	Cazenove		Kitcat & Aitken,
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Sogen Securities Corporation Yamaichi International (America), Inc.		DG BANK	
BHF Securities Corporation Sanyo Securities America Inc.		Deutsche Genossenschaftst	<b>Dank</b>
Banque Bruxelles Lambert S.A. Banque Française du Commerce Extérieur		Genossenschaftliche Zentralbank AG-Vienna	<b>Rabobank Nederland</b>
Banque Louis-Dreyfus Banque Nationale de Paris	j i	Swiss Volksbank	Andelsbanken a/s
Banque Paribas Baring Brothers & Co., Limited Crédit Commercial de France			Danebank
Crédit Lyonnais       Kredietbank S. A. Luxembourgeoise         Lazard Frères et Cie       Société Sequanaise de Banque		Crédit Agricole (C.N.C.A.)	London & Continental Bankers Limited
September, 1984		In association with	
	October 10, 1984	The Norinchukin Bank	

### **INTL. COMPANIES and FINANCE**

U.S. aids a Canadian group to flex its muscles, writes Ian Rodger

## Alcan lines up industry leadership

CHILDREN outgrow their parents in only a few years. But it has taken Alcan Aluminium of Canada over 30 years to outstrip its former. U.S. perent, the Aluminium Company of America (Alcoa).

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Last week's consent decree with the U.S. Department of Justice enables Alcan to pro-ceed with its proposed acquisi-tion of most of the aluminium assets of Atlantic Richfield, including a 163,000 tonne smelter in Kentucky, subject to last minute hitches."

That would raise Alcan's world-wide capacity to roughly 2.2m tonnes, well clear of Alcoa's 1.96m tonnes.

Behind this symbolic mile-stone is a much more significant one, With the acquisition of the Arco assets, Alcan will realise its goal of becoming a signifi-cant force in the vital U.S.

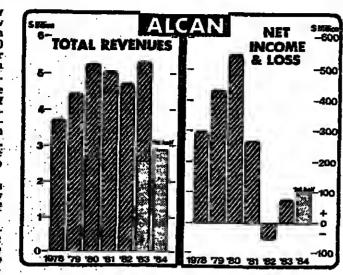
market for aluminium products. And with its strong presence in western Europe the company could soon dominate the world aluminium industry.

Alcan's competitors have become increasingly, uneasy about the company's surge in recent years but the real sur-prise is that it has taken so long to happen. Ever since the first oil crisis

in 1973, it has been clear that the aluminium industry's future belonged to Alcan. Energy costs are crucial to the smelt-ing of this metal, and Alcan, with its immense endowment of hydro-electric resources in Quebec and British Columbia, has heen almost completely insulated from the huge in-creases in energy prices that have bedevilled everyone else. It is not clear why the com-pany was so slow to capitalise on its advantages. To a large extent, it was a function of history and management culture. Alcan was created as a result of a U.S. anti-trust decree in 1950, obliging Alcoa to sell off its interests outside the U.S.

For the next quarter-century, Alcan managers sat comfort-ably in Montreal and, in the best Canadian industrial tradi-tion of hewers of wood and

convenience of Alcoa and the other giants of the world aluminium industry, Reynolds



Metals and Kaiser of the U.S., of the early 1980s, coming after and to a lesser extent, Pechiney the second oil crisis in 1979, of France and Alusuisse of ended these distractions. The Switzerland.

When orders were strong, Alcan operated flat out. When under way. markets declined, Alcan duti-fully was the first to cut pro-duction while the others kept going .

Although it was free to enter U.S. markets it did not invest in plant there until 1960. And even today it has more assets in Britain than in the U.S. It is only the fourth largest alumi-nium supplier in the U.S. market, with a less than 10 per cent share

share. Many analysts suspected this situation would change quickly following 1973, but it did not. Maxe a large organisation change direction, there were two other special factors at work. First, Alcan took two lengthy and damaging strikes in the late 1970s, which dis-tracted management from more strategic matters. Second, the aluminium industry as a whole toomes in 1982. It was the kind of situation in which Alcan, under its might have made beavy shut-downs. But to tha shock and dismay of its competitors, it did not. On the contrary, it petitors complained that the company was being irrespon-singe matters. Second, the shute the chairman, retorted that Alcan, aluminium industry as a whole aluminium industry as a whole was distracted by an initiative by hauxite manufacturers, led by Jemaica, to set up a cartel along the lines of the Organi-sation of Petroleum Exporting Countries (OPEC).

Countries (OPEC). tion of hewers of wood and drawers of water, concentrated and on operating their smelters and taking orders for ingots. They were content to be the swing supplier of ingot for the convenience of Alcoa and the other glants of the world secure.

secure The long and deep recession

entirely from its low-cost energy.

By way of illustration, a pound of siuminium ingot today sells for about 55 cents (U.S.). In the best smelters, such as Alcan's new one at Grande Baie, Quebec, about 7 kilowatt bours of electricity are needed to make a pound of aluminium. Alcan's electricity, from its own generators on the Saguenay, costs about 3/10ths of a cent per kwh. That works out to just over 2 cents per pound of aluminium. The Japanese, who have wisely decided virtually to get out of the auminium smelting busi-ness, pay up to 8 cents par kwh, or nearly 60 cents a pound, on electricity. And in the deptns of the recession in 1982, the ingot price was less than 50 cents. Average electricity costs for aluminium producers in Europe and the U.S. are believed to be around 2 cents per kwh.

restructuring of the world aluminium industry finally got From time to time, Quebec politicians have thought of nationalising Alcan in an attempt to increase the return

Japanese producers, who had attempt to increase the return the highest energy costs in the to the province on its assets, world, were the first to close but in the early 1980s evidence smelters but U.S. companies of a more subtle strategy aoon followed, shutting dozens appeared. The state pension of high cost pot lines. Several fund suddenly emerged as the new smelter projects in largest Alcan shareholder with a 7.5 per cent stake.

or mgn cost pot intes. Several new smelter projects in Australia and Brazil were cancelled or deferred. Total production in the non-Com-munist world tumbled from 12.6m tonnes in 1980 to 10.5m Was this a way of telling Alcan managers that they had better make the most of Quehe's assets? Nobody has ever said. Mr Culver insists that the fund has never tried to exert any

mnscle as a shareholder. Suffice it to say that the Quebec Government must today be delighted with Alcan's be-haviour. The company came through the recession with virdid not. On the contrary, it continned to operate close to full capacity. And when com-petitors complained that the company was being irrespon-sible, Mr David Culver, the chairman, retorted that Alcan, as low cost producer, should be the last to cut output. The company also had a responsi-bility to its workforce and, as long as it could produce and sell ingot profitably, it would be irresponsible not to do so.

its smelters going, confirming the transfer of the swing role away from the Canadian com-

be irresponsible not to do so. Alcan's sense of respon-sibility to its workforce has sometimes seemed to grow in Competitors are not bappy direct proportion to the with Alcan's new willingness to Quebec Government's interest flex its muscles but they in the company. Alcan's acknowledge they would do the natural advantage in the world same thing if they were in that derives position.

All of these securities having been sold, this announcement oppears as a motter of record only.





#### 8½% Convertible Subordinated Debentures Due 2009 Interest Payable on April I and October 1

The Debentures are coovertible into Common Stock of Ames Department Stores, Inc. at any time prior to maturity, unless previously redeemed, at a conversion price of \$33% per share, subject to adjustment in certain events.

#### Wertheim & Co., Inc.

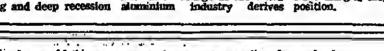
Bear, Stearns & Co.	The First Boston Corpora	tion Alex. Brown & Sons
Dillon, Read & Co. Inc.	Donaldson, Lufkin & Jenres Securities Corporation	tte Drexel Burnham Lambert
Goldman, Sachs & Co.	Hambrecht & Quist	E. F. Hutton & Company Inc.
Kidder, Peabody & Co.	Lazard Frères & Co.	Lehman Brothers Shearson Lehman American Express Inc.
Merrill Lynch Capital M	farkets Morgan Stan	
Prudential-Bache I	4. F. Rothschild, Unterberg, To	owbin Salomon Brothers Inc
Smith Barney, Harris U	pham & Co.	Dean Witter Reynolds Inc.
Advest, Inc.		William Blair & Company

All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE

September 28, 1984





tonnes in 1982.

All these securities having been sold, this announcement appears as a matter of record only.

21

October, 1984



### **Bank of Montreal**

### £100,000,000

### Floating Rate Deposit Notes Due 1994

S. G. Warburg & Co. Ltd.

Bank of Yokohama (Europe) S.A. Banque Paribas Baring Brothers & Co., Limited **County Bank Limited** Dai-Ichi Kangyo International Limited **Fuji International Finance Limited Merrill Lynch Capital Markets** Morgan Grenfell & Co. Limited Morgan Stanley International J. Henry Schroder Wagg & Co. Limited Union Bank of Switzerland (Securities) Limited 25th September, 1984

Banque Nationale de Paris **Barclays Bank Group** Commerzbank Aktiengesellschaft **Credit Suisse First Boston Limited** Deutsche Bank Aktiengesellschaft Manufacturers Hanover Limited Samuel Montagu & Co. Limited Morgan Guaranty Ltd Salomon Brothers International Limited Société Générale de Banque S.A. Wood Gundy Inc.

### **Inter-American Development Bank**

121% Loan Stock 2003

Pursuant to the Purchase Agency Agreement relating to the above issue, this notice confirms that £750,000 nominal of the above stock was purchased and cancelled during the six months to July 8th, 1984 in respect of the year ending January 8th, 1985.

**Baring Brothers & Co., Limited** Purchase Agent for

**Inter-American Development Bank** 

### CREDIT COMMERCIAL DE FRANCE

U.S.\$100,000,000 Series B Notes

Due 1995

For the six months 9th October, 1984 to 9th April, 1985 the Notes will carry an interest rate of 12% per annum with a coupon amount of US\$60.67 per US\$1,000 note. The relevant interest payment date will be 9th April, 1985.

Listed on the Luxembourg Stock Exchange. By: Bankers Trust Company, London Agent Bank

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### ECU 20,000,000 111/2% 1984-1994 Bonds

**CITY OF COPENHAGEN** 

Kredietbank International Group

Privatbanken A/S

Bank Brussel Lambert N.V. Société Générale de Banque S.A. Crédit Commercial de France Algemene Bank Nederland N.V. Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V. Deutsche Bank Aktiengesellschaft Union Bank of Switzerland (Securities) Limited Yamaichi International (Europe) Limited

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### P.O. BOX 70, COMMERCIAL UNION BUILDING. ST. HELEN'S, 1 UNDERSHAFT, LONDON EC3A 8JJ

Telephone: (01) 623 8200

Orient Finance Co. Ltd. The Nomura Securities Co. Ltd. US\$100,000,000 £15,000,000 61% Bonds due 1988 \$% Sterling/U.S. Dollar Conv. The Nikko Securities Co. Ltd. Bonds due 1995 US\$30,000,000 31% Conv. Bonds due 1999 Fuji Electric Co. Ltd. US\$30,000,000 The Nikko Securities Co. Ltd. US\$30.000.000 51% Conv. Bonds due 1996 31% Conv. Bonds due 1994 Kawasaki Steel Corporation US\$100,000,000

51% Conv. Bonds due 1996

1

Nichimen Corporation Ltd. US\$15,000,000 51% Conv. Bonds due 1997

Orient Finance Co, Ltd. US\$60,000,000 51% Conv. Bonds due 1997 Orient Finance Co. Ltd. DEM 30,000,000

41% Conv. Bonds due 1987 **Okumura** Corporation US\$30,000,000

51% Conv. Bonds due 1997 Tokyo Electric Co. Ltd.

US870.000.000 61% Guaranteed Bonds due 1989

comment

The rise of Caristle's continues to ostanish, in terms of profits and share prices alike-yester-day's 14p jump to 452p is easily a saleroom record. The group's caution about forecasting the scale of the product of the product

full year can readily be under-shod, particularly given that the falls in Chaisworth sale-whith falls in the second half-was expected by Christie's in realise only a third as much. Hereafter,

only a unity as much. Hereater, the group's progress seems as ever dependent on a rather specialised version of the economic cycle: the U.S. calls the tune, particularly in respect of impressionism and after. Granted, Chrisile's seems to have

It now claims to do around 80 per cent as much business as Sotheby's despite a late start in 1977. In terms of quality of earn-ings, though anctioneering smacks as much of stockbroking

hrr

### **UK COMPANY NEWS**

### Sears Holdings modest improvement Bowthorpe £3m lift

FIRST HALF profits of Sears Huldings, Britain's biggest shop-keeper with more than 3,500 retail outlets in the UK, showed retail outlets in the UK, showed only a "modest" increase over those of the previous year but the directors say they are, nevertheless, satisfied with the

22

results. They noint out in their they noise out in their Interim statement that the open-ing half of 1983 was an excep-lional trading period in which the group raised its profits by

To per cent compared with the corresponding half of 1982. Shareholders are told that the maintained level of profits in the first six months of this year, to July 31, was achieved against a background of mixed trading conditions

on an 11 per cent rise in turn-nver to £949m (£357m), exclud-ing intergroup sales, profits at the pre-tax level improved from £60.3m to £62m.

The directors say the results justify raising the net interim dividend from 0.7p to 0.8p per

advidend from 0.7p to 0.8p per 25p share. During the period UK retail-ing was weak in the provinces with the miners' strike having an adverse effect on consumer ling was weak in the provinces with the miners' strike having an adverse effect on consumer

spending. Retailing in London and the Home Counties showed satisfac-tory increases over last year particularly in London. In the U.S. the increase In the I.S. the I.S. the increase In the I.S.

**AJ Worthington** 

being incurred and measures are

being taken to slop them rising further. On his appointment as chair-

man last month, Mr S. Friedland found it necessary to introduce £150,000 to the group's bankers. The directors point out that the accounts for the year to March 31

1984 would continue for the Parallel to the group by its bankers for the three months to end-December 1984 would continue for the

remainder of the financial year to March 31 1985.

Turnover for the past year totalled £2.17m (£2,51m) and losses at the pre-tax level amounted to £257,836 (£253,844) —the group manufactures textile

products. The existing textile operations at Leek, Staffs, consisting of the manufacture of threads and a wide range of narrow fabrics, are being consolidated into one building

products.

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takes measures

to stem losses A. J. Worthington (Holdings) contained its losses for 1983-84 at virtually the previous year's level. However, losses are still 12Percent 10-8 Sears Holdings Retailing Mergins

1979'90 '81 '82 '99 -90-61 '82 '83 '84

BY ALISON HOGAN

Barclays Merchant Bank is

. . . .

(£0.3m). Sears' cetail outlets include Freeman Hardy and Willis, Lilley and Skinner, Dolcis, Selfridges, Waltis, Olympus Sportswear and Mappin and Webb. The group's major sub-sidiary, British Shoe Corpora-tion, is Europe's largest footwear retailer. (£0.3m).

after deducting interest of fl.lm (flm) and adding a fl.4m (f0.6m) share of related company profits and non-trading items of £2.5m (£1m).

T & S Stores joining USM

with 29% share placing

125m (fim). Tax accounted for 126.5m (126m). Earnings per share edged ahead to 2.6p (2.5p). In a statement following the results Mr Maltiand Smith said that last month's sudden change articularly in London. concern, trading in the second In the U.S. the improvement half has started favourably.

They point out that ranges of autumn fashion elothing and footwear have been well received which will belp the group to benefit from any increase in levels of consumer spending in the important last three months the important last three months of the current financial year. A divisional breakdown of trading profits (259.2m, against £59.7m) shows: footwear relajl-ing £30.2m (£32.5m), department stores, jewellery and other retail-ing £10.7m (£8m), motor vehicle sales, service and delivery £5m (£4.5m), llcensed betting offices (William Hill Organisation) £5.5m (£3.7m), property develop-ment and investment £6.8m (£0.3m).

Mr Leonard Sainer, joint chairman of Sears Holdings in the weather had brought a "welcome" profit boost for the

retailer. Pre-tax results were atruck group.

He revealed that since the ne revealed that since the middle of September retail turn-over had increased "quite dramatically." Compared with the same period last year he said store sales had jumped by 20 per cent and footwear turn-over by around 15 per cent. Better results are also being seen in the betting front nn the betting front.

See Ler

### 'Outstanding year' ahead after Christie's 86% rise at £34m against £1.63m after minorities of £47,000 (£31,000).

Christies

210-

170-

International

Auction Sales (Inclusive of Bayers' Promism)

81 82 83

**U.S.** markets Bowthorpe Holdings, electrical and electronic components group, has increased its pre-tax

profiles for the half year to end June 1954 by 446 per ceni, from 68.65m to £9.91m. Sales responded to better trading conditioos generally, and year.

The U.S. is now a major source of income for the group, which is in line with its investment strategy. In June the chairman, Mr Ray Parsons, expected a record year of trading and profits there. The board anticipates that the company will soon complete the acquisition of SBD Elec-tronic Systems of the U.S. This

tronic Systems of the U.S. This company bas exceeded the stipulated profit forecast. In additioo, negociatioos are at an advanced stage for the purchase of a number of com-panies in the U.S. and in Europe in the electronic component manufacturing field. Tyton of Japan maintained the momeotum of 1953, the directors say, and again increased profits, while Comparing Deutsche bene. while Compagnie Deutsche bene

while Compagnie Deutsche bene-fited from its policy of rationalisation and tighter management control by making a small profit contribution. Tax took a bigher £4.29m (53.21m), and minority share-holders interest jumped from £162,000 to £290,000.

#### comment

It was not the 45 per cent jump

It was not the 45 per cent jump in pre-tax profits which provoked a 23p leap to 368p in Bowthorpa's share price yesterday. Excellent trading results had been expected and were duly delivered. But the City had underestimated or forgotten about bow much money this cash-ricb group bad salted away in a Channel Islands roll-up fund, whose liquidation yielded a film-plus profit. There are difficulties still in Australia and south Africa and in the French associate, but these pale inio insignificance when compared with the group's strong perform-ane in the UK and in the U.S. This is of course a period of un-

PRE-TAX PROFITS at Christles International surged by S6 per cent in the six months to June 30 1984, and the directors of this fine ort and philatelic auctioncer, say that with continuing confi-dence in the international art market, all the indications are that 1984 will be "an outstanding year."

Sales responded trading conditioos generally, and with a stronger momentum over-seas, surged to a new group peak of £52.56m. compared with f41.21m for the corresponding period. Stated earnings per 10p share directors are lifting the interim divideod by 0.23p to 2.07p. The group made an operating profit of £8.14m. compared with

To some extent, say the direc-

To some extent, say the direc-tors, the figures from the New York office were boosted by the exchange rate—in U.S. dollar terms its sales rose by \$35.3m to \$112.7m.

In S112.7m. Shareholders are to receive a 0.5p boost in the ioterim divi-dend to 3p net per 10p share, following on from last year's S.5p total. Earnings are quoted at 1f.59p per share, up from Regarding the disposal of the Victoria warehouse, the planning appeal was determined and as a Termined and the disposal of the Victoria warehouse, the planning appeal was determined and as a termined and the disposal of the Start " with the f21m sale of the Chatsworth drawings. Operating profit emerged sharply ahead at f7.21m against f3.88m, and was further boosted (f23.000 deficit) and net inforest received f430,000 (f255,000). The company soid substantially

Post Office fund cuts U.S. holdings

BY ERIC SHORT

in 1983 prompted one of Britain's largest financial institutions, the Post Office Staff Superannuation

strong performance of overseas share prices had resulted in the value of the overseas equity portfolio rising to a proportion of total assets that was regarded as excessive by the truste

Accordingly about a third of the U.S. portfolio was sold in the final quarter of the financial year, ac-counting largely for the net £73m (\$39.8m) disinvestment in overseas ornities during the most

THE BUOYANT U.S. equity market chip export-oriented stocks and di- tion against future inflation and versified into domestic related sec-tors. Holdings in Canadian and in the portfolio.

Equity portfolio to reduce its expo-sure to North America. The annual report and accounts of the scheme for the year ending March 31, 1934 stated that the strong performance of comments of comments are the strong performance of comments and the state of the scheme for the state of the scheme for the state of the scheme for the state of the state of the scheme for the state of the scheme for the scheme for the scheme for the state of the scheme for the brought the property portfolio to over the year from £2.68bn to £3.26bn, leaving overseas equities around 11 per cent of the total -The overall yield on the assets slightly above the target level of 10 was 21.8 per cent - close to the aver-

age return for large funds in the The scheme's largest single-sec-tor investment was made in index-Wood Mackenzie performance measurement analysis. linked gilts - some £98m of the £242.5m total investment being in that sector, despite the low real tal membership of the scheme ex-yield on these stocks of around 3 ceeded 317,000, of which 175,000

The report also shows that the to-

beads and disposing of surplus

property, which should raise fim in the current half and wipe out

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equities during the year. The scheme also continued to re-thce its holdings in Japanese blue-dex-linked stocks provide a protec-were pensioners.

## Emess set for significant rise

IN HIS interim report covering £3.82m — the group, which although it could well chip in the six months to June 30 1984, acquired Michael Black, a £250,000 for the year. Emess Mr Michael Meyer, chaiman of Glasgow-based electrical whole-Emess Lighting, tells share- saler. for £3.3m last March, sells on capital by nibbling at over-bolders that he anticipales a its own and imported decorative on capital by mibbling at over-estable sale of suralus

Barclays Merchant Bank is bringing to the Unlisted Securi-ties Market T. & S. Stores, a successful chain of abops selling cigarettes, confectionery and greetings cards. It was founded by Kevin Threlfall and David Lockett-Smith in 1975 when they opened a cut-price cigarette klosk in Wolverbampton and will now have a market capitali-sation of £7.2m. A careful choice of sites with high pedestrian flow; and bulk buying and distribution from their own central warebouses, bas resulted in improving profit-ability year on year. Threlfall bad alceady gained Threffall bad alceady gained valuable experience of the retail market as co-founder of Lo-Cost Discount Stores where as buying director he introduced cut-price cigarette kiosks into the stores. He made £250,000 when the company was sold and devoted himself full time to T and S in 1978 by which time the commany Tobacco accounts for 85 per cent of turnover and around 50 per cent of profits with gross margins of around 4.5 per cent. The other products achieve a much higher margin of around 15 to 20 per cent

1978 by which time the company bad eight stores in the West Midlands and had expanded to 15 to 20 per cent. The company is cash strong with over \$2m at the interim stage and is not raising any new money. The directors feel as quotation will improve business opportunities, both in attaining quality sites for stores and in include confectionery, greetings cards and newspapers. building. The directors intend to sup-port and develop this enterprise director. Stephen Boddick had joined the company by then as finance

The three directors have

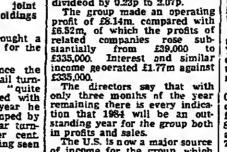
buying other chains if the opportunity should arise.

The three directors have evolved a successful retail for-mula with stock control highly computerised and large volume sales which allows them to generate cash out of creditors. "We taka no products where we finance the stockholder," said Threifall. opportunity should arise. Their aim is to bave 100 stores by mid 1987. financed out of earnings. They forecast pre-tax profits of £750,000 for the year to January 5 1985, up from £320,000, on turnover ahead from £326,8m to £35.5m. They are placing 2.32m shares equal to 29 per cent of the issued share capital at 90p per share giving an actual tax p/e of 16.5 and a 42 per cent yield.

De Zoete & Bevan are brokers

to the issue and dealings are expected to begin on Monday October 15.

• Two offers for sale closed com-fortably oversubscribed yester-day. Iceland Frozen Foods attracted applications for more than 50 times the number of sbares on offer while the Scusa offer of equity valued at £11.6m sbut with the level of over-subscription running well into double figures. double figures. See Lex



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This is of course a period of un-precedented demand for elec-trical and electronic components but two factors give Bowthorpe extra attractions for investors. First it unbroken profits record through the last recession; second, its exposure to many industrials including defence. For the year £20m pre-tax is in reach, which, on a 43 per cent tax charge, puts the sbares on a multiple of 15-the price of quality.

### **UK** Frovident increases

bonus rates

UK Provident, a leading UK mutual life company, has in-creased the interim bonus rate on its individual and personal pension contracts, as from October 1 1984 by 35p to £6.05 per cent of the basic benefit and attaching bonuses.

attaching bonuses. However, it bas reduced the terminal bonus rate for those pension policies in force less than 10 years when the pension commences, though for 10 years or more, the rate remains at So per cent of attaching bonuses. The company bas also improved slightly its premium rates on its pension contracts-also from October 1.

The moves by UKP will inten-slfy the already keen competi-tion among life companies for individual and personal pension Lusiness

Lusiness. Slace lbe ending of tax retief on life assurance premlums in this year's Budget, life assur-ance salesmen bave been devot-ing more effort in selling pen-sion contracts to the sell-employed and to executives. Competition for this business has become keen between life com-panies seeking to offset the decline in life assurance sales. UKP is now among the top performing traditional life com-panies boib on past performance and on future projections, and it bas announced to the inter-mediaries that it intends to stay there. It is only three months to the

there. It is only three months to the time when traditional life com-panies announce their full rever-sionary bonus rates for 1984. The bonus rate for 1984 from UKP on its pensions busioess is highly unlikely to be less than the increased interim rate. It will be interesting to see if other life companies react uminedialely of wait until they make their full declaration.

FULCRUM INVESTMENT TRUST P.L.C. Net asset value (unaudited) as ot 28th September, 1984 Income Shares; 42.36p Capital Shares: 5.39p

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bolders that "significant" lighting fittings. improvement in

lighting fittings. The results included a three-month contribution from the electrical wholesale division. A "satisfactory" performance is profits for the full year. Figures for the opening six months rose to £335,000, an advance of 60 per cent over the £210,000 returned for the corresponding balf of 1983.

The period saw a strong per-formance by the lighting com-panies. Continued product development, increased market share and tight control over costs all contributed to the

result The second balf bas begun encouragingly with the lighting companias continuing to show substantial growth. Cash flow substantial growth. Cash now The Michael Black acquisition and return on capital employed The Michael Black acquisition remain "good." came in too late to contribute Turnover for the half year much to Emess's 60 per cent moved ahead from £2.42m to increase in taxable profits,

In the current half and wipe out group debt. There is also the prospect of routing Emess pro-ducts through Black's wholesale outlets in the north. Meanwhila, Mark and Spencer's rerent decision to plug in to the light-ing market has set the sparks flying among Emess's retailing. customers. As a result of their attempts to sear up to the new "satisfactory " performance expected here during the remainder of the year. Earnings rose from an adjusted 5.9p to 6.5p and an in-terim dividend of 2p net is declared per 25p share. For the previous 18 months dividends equal to 6.25p were paid. Tax took \$49.000 (\$46.000) to leave net profits at \$256,000 (\$164,000).

comment

customers. As a result of their attempts to gear up to the new challenge, and with the help of a move into table immps. Emess expects lighting turnover to grow by 60 per cent to fom this. year. That points to full-year profits of around f900,000 pre-tax, which leaves the shares, up 15p to 165p, on so undemanding multiple of 9.4 assuming 15 per-cent tax rate. cent tax rate.

SE listing	DIVIDE	NDS	ANNO	UNCE	D	
•		<b>.</b>	Date	Corre-	Total	Total
for CalFed		Current		sponding dlv.		last
The common stock of CalFed.	Bowthorpe Hidgs int	2.07	Dec 19	1.84	year	year 4.68
merica's fourth largest savings	Brit Dredging int	1	Dec 17	1	-	2 -
ad loan instinution, will be	Campari Intl int	0.5	Nov 19	0.5		1
sted on the London Stock	Christies Int		Nov 27	2.5		8.5
rchange starting today.	Comcap int	0.4	Dec 14		—"»	-
CalFed, which bas assets of	Emess Ligt int	2	Nov 29		10.0	6.251*
7bn and a net worth of \$900m,	Euglisb Property Grosvenor Gp		Jan 7	Nil 3.25	12.9 5.75	7.57 5.25
ansformed itself from a mutual a joint stock company last	Harris Queensway	1.25	. Nov 30	1.13*	0.10	3.5
ar, and is now seeking to make	T. C. Harrison int		Dec 31	0.62	_	2.3
self better known in major	S. Jerome int		Nov 29	-		2.69
reign financial markets, accord-	Lawter	0.75		N£	1.5	Nil
g to Mr Robert Dockson, chair-	Prestwich Parkert			Nil	_	NII ·
an and chief executive.	Sears Holdings int	0.8	Dec 10	0.7	—	2.5
He said the recent problems	Senior Eng int	0.75 .		0.75		1.5
FCA, another large California vings and loan, had not affected	Steel Burrill Jonest int Dividends shown pence p	G.L.	Nov 22	the second second		
alFed's plans.	Equivalent after	allowing	for excep	t where o	therwise + Co	se state
"We are different, and we	increased by rights at	d/or a	couisition	1581108.	t USI	M stock
e keen to get that message	§ Unquoted stock. ¶ For 1	8 month	s to Decer	aber 31 1	083 11 1	Vinai 0.6

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### HAWTAL WHITING HOLDINGS pic

(Registered in England under the Companies Acts 1948 to 1976) Number 1431097

SHARE CAPITAL

Authorised

£ 500,000

### Ordinary shares of 5p each

The Hawtal Whiting Group provides a comprehensive range of design engineer-ing consultancy services to the intering consultancy services to the inter-national automotive industry. In connection with a placing by Simon & Coates of 1.521,180 ordinary shares of 5p each at 197p per share, application has been made to the Council of The Stock Exchange for the grant of per-mission for the whole of the tssued share capital of Hawtal Whiting Holdings pla to be dealt in on the Unisted Securities to be dealt in on the Unlisted Securities

Market A proportion of the shares being placed ace available to the public through the market. It is emphasised that application has not been made for these securities to be admitted to official listing. Particulars relating to the Com-pany are available in the Extel Statistical Services and copies of the Prospectus may be obtained during normal business bours up to and including the 26th October 1984 from:

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**SIMON & COATES** 

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### UK COMPANY NEWS

# Harris Queensway thinks electric

Comet Group earlier this year. The announcement accom-

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recent tie-up with Debenhams. Dagenham, Essex, has been chosen to bouse the first of the electrical stores, which is due to

open next month with a total sales area of 7,500 so ft. In addition to this, Harris is of the carpet market. Elsewhere, Harris Furnishing perations through the acquisi-ton of the holding company of Poundstretcher's results were

further expanding its furniture operations through the acquisi-tion of the holding company of Brown Bear, Loxmill, for 55.5m. Brown Bear, Loxmill, for 55.5m. Brown Bear currently operates six furniture superstores in the UK at edge-of-town locations. six furniture auparstores in the now trades from 18 stores, is due to be determined to create his own Bear of 1995, which has never from 1890, market with Dodge City, which has never from 1890, market with Dodge City, which lass and Greens Leisure Centres. Looking ahead, Mr Harris tay linerests in Debenhams Furnish to first in Debenhams Furnish to the straction is buying market with Dodge City, which insteaded by Mr Richard Northcott who cut in the DIY retail. Interests in Debenhams Furnish to first in Debenhams Furnish the sold to F. W. Woolworth for in 1983 and Greens Leisure Centres. Looking ahead, Mr Harris tay is and frame to create his own Bear deal and is currepty deals with Harris Queensway. Comet to Woolworth. Harris' (fil48,000). Tax took £5.07m met's ability to sustain a high calls with Harris Queensway. Comet to Woolworth. Harris' (fil48,000). Tax took £5.07m met's ability to sustain a high calls a sumber of property deals with Harris Queensway. Comet to Woolworth. Harris' (fil48,000). Tax took £5.07m met's ability to sustain a high

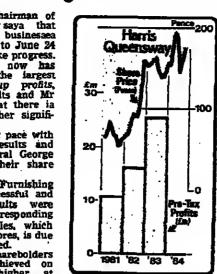
Earris Queensway has finalised Mr Phil Harris, chairman of plans to open its own electrical Harria Queensway, saya that discount stere chain following an abortive takeover attempt of the over the six months to June 24 Comet Group earlier this year. 1984 continued to make progress. The announcement accom-panies Harris's interim statement 86 stores and is the iargest showing record taxable profits of contributor to group profits, f12.03m, against f9.34m, and achieved higher results and Mr follows hard on the heels of a Harris points out that there is record tiaun with Debenhama. "still room for further signifi-

cant improvement." Harris Carpets kept pace with their, record 1983 results and Carpetland and General George divisions improved their share

ahead of the corresponding period. Home Textiles, which now trades from 18 stores, is due to be further developed.

Group turnover for the period • comment

Oct 18 Oct 25 Oct 15 Oct 26 Oct 22 Oct 22 Oct 11



(£3.66m) and minorities accounted for £73,000 [£24,0001

#### • comment

Harris Queensway may have failed to land Comet and there is no intention of bidding for Currys (at least for the present). But the desire to build a substantial electrical retailing business remaina as alrong aa ever. Following the Debenhams deal, HQ is treading its own path with the launch of out of town large discount stores. The first Ultimate opens its doors next Ultimate opens its doors next month and there should be four or five by the year end. Yet Harris seems willing to forego profit margins for two or three years to buy itself intp the market so it will remains the task of the traditional carpets and furniture Operations to

hit by heavy discounting HEAVY DISCOUNTING, which

**TC Harrison** 

ahows no signs of abating, and generally difficult trading condi-tiona bave trimmed T. C. tiona bave trimmed T. C. Harrison's first-half profits by E372,000 to fil.24m. However, the interim dividend is being held at 0.82p and the directors expect to be able to recommend that the total be maintained at laat year's level of 2.3p net per 25p share. Although August dld not fulfil manufertures? expectations for manufacturers' expectations for new unit sales it was the group's second best month for profits-Harrison la a Ford main dealer. It la pointed out that the intro-

Bids and deals and mining news, Page24

duction of new models from BL and improvements to the exist-ing Ford range, together with the marketing support pro-grammes from the manufac-turers, sbould assist profits during the remainder of 1984. The directors say that apart from the difficulties being eveneticed a large part of the experienced a large part of the

group's operations are in areas affected by the miners' dispute. They make no forecast of profits for the whole year but say the results will be acceptable-last year pre-tax profita edged ahead from £3.02m to

E3.21m, Turnover for the first six Turnover for the first state months reached £48,05m (£47.16m), excluding car tax, VAT and intergroup sales. Tax accounted for £574,000 (£764,000) and earnings per share amounted to 2.95p (3.31p).

Yearlings

### **Comcap's £1m on better margins** Oct 15

IN ITS first financial statement since Comcap's successful flota-tion last May, profit before tax has risen from f706,000 to f.L05m, or some 48 per cent, in the balf-year to end-June 1984. The improvement for this specialist computer lessor and distributor of IBM equipment came out of turnover which from f10,65m to f12.37m... Mr Ernst Schneider, the chair-man, says that the sales figure for the full year may be lower than 1983, as the group is increasingly concentrating on the successful de lower than 1983, as the group is

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1984 were up from £327.1 million to £352.9 million, including VAT,

Relail trading conditions remained firm throughout most of the first half and credit sales and financial services through Welbeck Finance continued to grow.

As expected, however, sales of furniture were affected by the reorganisation associated with establishing the joint venture with Harria Oueens-way and the measures taken to reduce operating expenses in the two joint companies have resulted in e number of non-recurring costa, which are

d to in the notes to the Interim figures. The ramains confident of significant benefits ese new arrangements.

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The sale of Ardil, the loss-making overseas whole-saling business, relerred Io in the Annual Report, has been completed. The costs of disposal are also referred Io in the notes.

The Board views the second half with confidence is enticipating a lurther increase in trading profits for the year.

The Board has declared an interim dividend of The Board has declared an interim dividend of 2.5n per ordinary share (1983 - 2.2p), amounting to £3.504.819 (1983 - £2.998.927) payable on Oecember 3, 1984 to ordinary shareholders on the register on Octobar 26, 1984.

Unaudited results for the 28 weeks 28 weeks 52 weeks 28 weeks to 11th August 1984 to 11 to 13 to 28 August August January 1984 1983 1984 £000 £0003 £000 Turnover (including VAT) 352,892 327,077 746,788 Trading profit 41,270 12,393 7,673 3.290 Interest 2.499 5,768 35,502 Trading profit after interest 9,103 5,174 2,845 Other items -Profit on ordinary activities before 32,657 taxation 9.103 5,174 7,729 2,522 1,424 Taxation Profit on ordinary activities after 24,928 8,581 3,750 taxation 933 1,670 813 Minority interests 43 43 86 Preference dividends Profit attributable to ordinary 23,172 5,725 2,774 shareholders 4.2p 2.1p 17.2p Earnings per share Earnings per share on a nil 5.3p 3.0p 18.0p distribution basis

Turnover for the 28 weeks to 11th August 1984 excludes sales of the overseas wholesaling business which was sold during the period; the turnover figure for the previous hall year has been similarly edjusted.

similarly edusied. b) During the half year line Group incurred non-trading charges amounting to £5 million, before tax relief, arising mainly from the contraction and disposal of the loss-making overseas wholesaling company end from the reorganisation of the lumiture and electrical businesses. In accordance with the Group's normal practice these non-recurring charges are not included in the half year tigures. They will, however, be reported as Extraordinary litems in the annual accounts.

Taxalion represents advance corporation lax on dividends, lax on Iranked investment income and unrecovered overseas taxation.

Q. 12 . 



Miners' strike checks Senior Engineering THE MINERS' strike has had. and is continuing to have, an impact on results at Senior

ering Group. The company reports that operating profits for the first six months of 1984 rose from £1.77m to £2.22m, but points out that results would have been "con-

siderably better." but for the impact of the dispute in the UK Citicals and - 1 me mil sales 10 M.L. P.C.

BOARD MEETINGS Bonusbond ....

TODAY Interime: Berry Pacific Fund, R. Cartwright, Clive Discourt, Eber Industrial, Evered, Fogarty, GT. Dollar Fund, Higga and Hill, House of Lerosz, Lee Cooper, President Enter-tainments, Spiraz-Sarco, Enginetoring, Svensica Celluloas AttSobolaget Sca, Time Products, J. O. Walker, Wiggina, Fimalas-Aturoode, Conadian Over-veas Packaging Industries, City of Aberdeen Lund Association, Portland Hotdings, Safeguard Industrial Invest-ments, Sanderson Murray and Elder. PITURE DATES

on one of its light engineering companies, Hayden Nilos Con-

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Canadian Over adustries, City of sociation, Portiant t Industrial Invest-Marray and Eiden, McKechnie Brothers DATES Tay Homes Over 1t Thorpe (F; W.)



The exceptional costs, up from atated after-tax earnings of 0.7p 558,000 to £323.000, took into (1.35p). Tax took £340,000 company'a reticence, the results account some £280,000 relating to (£129,000) and dividends will legal costs in the U.S. In respect absorb £739,000 (same). Although it is difficult to pre-dict the ontroome for the year-dict the ontroome for the year-that it still believes that any say that rationalisation schemes that it still believes that any say that rationalisation schemes for the group." Group turnower for the nericd a comment.

group's gearing from nil to close on 40 per cent, ao it is to be hoped that U.S. litigation

	<b>Investment Trus</b>	nerals, could yield up to £3m, ost of which will drop straight rough to profits in the next five ars or so. Despile the grow	at £820,000 (£496,000) in the period under review. Tax was up from £122,000 to	than 1983, as the group is increasingly concentrating on the renting and leasing of peripheral equipment. This, he says, in addition to improving current			1
	from a portfolio invested predominantly in overs	e £3m flotation casb is still allable, and the group is on e look-out for s related acquisi- in computer servicea round £2.25m pre-tax looks in ach for the year, which pus	profits at £827,000 (£599,000) after minority interests of £26,000 (£4,000). The dividend will account for £25,000. • comment In line with many of his com-	profit levels, retains value better than the bigher cost processing units, and is expected to make a significant long-term contribution to profit. The interim dividend is 0.4p net per ahare, as forecast in the prospectus, when the projected			n an ta 1 and 1 1 and 1 1 an an ta 1 an an ta 1 an ta
Attouch first ball prefax       Attouch first ball prefax       Turnover moved up from the source of the so	btal Assets       £161.6m       £150         Iet Asset Value per Ordinary Share       362.8p       33         Ordinary Share Price       264.0p       24         The high level of political, financial and economiuncertainty seen throughout the world this year board to maintain above-average liquidity. The constructed against any further determined is thus better protected against any further determined board to participate in any improvement.         Copies of the Annual Report and Accounts         Copies of the Annual Report and Accounts	nt tax charge. <b>iddends</b> estwich Parker. The answer that Mr Levinson, whose stake PPH will rise to 47 per cent the media broking business is ccessful, is keen to build up publicly-quoted group, which ers greater scope for growth acquisition. The base of the oup is the old PPH nuts and lis business, shoro of its loss- king manufacturing company old to Glywed), and now Con- ntrating on distribution con- ntrating on distribution con- film by Mr Levinson, the oup is strong enough to grow ickly with gearing at about 35 r cent. The sharea, up 10p 75p, change hands at a litple of about 85 on pre-tax on a 30 per cent tax arge. A well-priced punt oo	from processing units towards <b>resumes distribution</b> , but the major contribution to this year'a profits, some £323,299, came from the optical division created in April 1983 with the purchase of Henleys Optical Group. The group bas diversified into media rights sales since the year end with the acquisition of Palan Entertainment Cor- poration for a consideration of up to £900,000, depending on profit performance. Palan was headed by Mr Paul Levinson, wbo bas subsequently become chairman of Prestwich. There were extraordinary debits of £83,155 (£20,914) after a tax credit of £43,421 (£25,602 charge). <b>Comment</b> It might seem odd that Mr Paul Levinson, successful video, film, and Lelevision entrepreneur,	were given as 5.69p (4.2p). <b>Prestwich</b> THE MIDWAY improvement reported by Prestwich Parker Heidings bas continued into the second balf, and results for the full period to June 30, 1994 sbow a pre-tax turnround of £267,584 to £261,378. The hoard now has every confidence that the current year will see a "further significant riae." The loss last time was £6,206, broup had profits of £128,000 (£8,000). The directors now consider tbat a final dividend of 0.7p net per ahare is appropriate — the first payment since 1980. Earnings per share are a stated 6.95p (nil). Turnover increased from £4.64m to £6.21m. The group has traditionally been a nuts and bolts manufacturer, but with- drew from this activity at a cost of £69,973, and aold the business to Glynwed.	th June 1984 1984 1983 1987 (hall year) 56m £41.21m 91m £6.85m 0p 7.9p 070p 1.840p retokters at the close of cord level, an eriod of 1983 of upp peak, of 27.5%. There is n outstanding year les." sone, Executive Chairman OICIINGS	(unaudited) for the half year ended 30th Ju 1996 (net year Turnover £52.56m Pre-Tax Profits £9.91m Earnings per Share £9.91m Earnings per Share 12.0p Interim Dividend 2.070p Interim Dividend 2.070p Interim Children 1996 December 1996 to attached between and at known 1996 December 1996 attached between and attached between attached between and attached between attached between and attached between attached between attached between attached between attached between attached between attached between attached between attached between attached between attached between attached between attached	
178       00       - 200       500       47       32       - 67       324       1       51         176       48       -1       - 95       200       - 103.6       22.1       5.1         120       61       101 day & Carliste       88       - 1       - 95.2       200         48.1       285       Tevision       483       - 1.3       6.3       100.7       4.3       20       5.3       1.3       6.3       100.7       4.4       2.5       1.3       6.3       1.00       1.4.3       1.4.4 <td< td=""><td>been made for the shares to be admitted to isting. A proportion of the shares being public through the market.</td><td>The final dividend from thia operty owoing investment com- ny is lifted by 0.15p to 2.15o t per abare on increased pltal, making a total of 3.75p r the year (3.5p). Thia creased payment will cost the mpany a total £3.84m (£3.39m). Earnings are giveo as 4.13p r share (4.51p adjusted) and t asset value at 110p per share 03.1p). * * * * Profit before tax in the year to oril 30 1984 at Westminster &amp; mutry Properties was £875.000 mpared with £709,000. This is derived from rental income from £501,000 to £599,000 and on gross profit on the sale of velopments of £1.36m against 27m. The directors of this property vestor and developer are pro- sung to increase the final divi- nd by 1p to 4.75p. making the tal for the year 15p higher at ip. Earnings per share are ited at 22.5p (18.7p). Prospects r the current year appear atisfactory." they say. The directors consider that the lue of completed developments creeds their hook value by 44m to give a net asset value</td><td>Turnover moved up from £1.14m to £1.68m — the company reats electronic instruments and computers on a ahort term basis. * * * * Net asset value at the Edin- burgh Investment Trust is shown at 131.9p at the end of September 1984 compared with 124.5p six months earlier. Available income for the six months to the end of Septem- ber 1984 moved up from £2.93m to £4.12m. The net interim dividend has been lifted from 1p to 1.1p—in the last full year s total of 2.5p was paid. Firsi- half earnings per 25p share were shown as 1.44p (1.37p). * * * Aithough turnover at Bray Technologies was 16 per ceot higher at £4.1m. pre-tax profits dipped by 9 per cent from 5375.000 to £342.000, in the six months to June 30 1984. The interim dividend is unchanged at 1p—last year s total of 2.5p was paid from pre- tax profits of £682.000. The com- pany's shares are traded on the market formed by Granville &amp; Company. * * *</td><td>Although first balf pre-tax profits of the London and Edin- burgh Trust declined by £543,000 to £2.06m, the directors say indications for the full 1984 year are that figures will be substan- tially higher. They explain that net renlal income will increase by some 80 per cent to £1.1m and add that it is also anticipated that the new financial services division will make an effective contribution to profits. Earlings for the first six months emerged at 9.06p (16.3p on old capital) and a net interim dividend of 2.5p is being paid— a single payment of 3p was paid for 1983 from taxable profits of £3.35m. * * * As indicated in the last annual report at Microlease the current year has progressed very well, say the directors, on reporting an increase in pre-tax profits from £275,000 to £503,000 for the half year to the end of August 1984. An interim dividend of 1p net has been daclared on this USM stock — the directors say that the final will be unchanged from last year's single payment of 2p. First half earlings per Share are</td><td>Security Desters         Telephone 01-621 1212         Market         F/E         Gross Yield         93       4.6       9.0       10.5         10.0       7.0       0.0       5.0       6.1         2.8       7.3       5.0       6.1       7.3         2.6       7.3       5.0       6.1       7.3         2.6       7.3       5.0       6.1       7.3         2.6       7.3       5.0       6.1       7.3         2.6       7.3       5.0       6.1       7.3         12.0       6.9       -       -       -         5.7       0.9       -       -       -         5.7       0.9       -       -       -         5.7       0.9       -       -       -         5.7       0.9       -       -       -         5.7       0.9       -       -       -         5.7       0.9       -       -       -         5.7       0.9       -       -       -         5.7       0.9       -       -       -</td><td>Granville &amp; Co. L. siembar of The National Association of Sec and Investmant Managers 7/28 Lovat Lane London EC3R 8EB Tel Over-the-Counter Mar 1963-84 Government Managers 1262 Ass. Brit. Ind. Ord. 138 + 1 1263 Ass. Brit. Ind. Ord. 138 + 1 1263 Ass. Brit. Ind. Ord. 138 + 1 1263 Ass. Brit. Ind. Ord. 138 + 1 1264 Ass. Brit. Ind. Ord. 138 + 1 1275 St. Airsprong Group - 54 - 1 40 21 Armunge &amp; Ahodea 40 - 1 128 42 Bray Technologies 44 - 1 129 173 CCC. Ordnary 774 - 1 120 173 CCC. Ordnary 774 - 1 121 207 CCL 11pc Conv. Prel. 112 - 1 122 07 173 CCC. Ordnary 774 - 1 123 27 Erank Horseil 200 + 2 208 755 Frank Horseil 91. Ord. 37 206 - 5 208 755 Frank Horseil 91. Ord. 37 206 - 5 209 25 Frank Horseil 91. Ord. 37 206 - 5 218 200 Las Group 200 - 10 124 61 Jackson Group 200 - 10 125 77 10 Linguaphona Ord. 145 - 10 206 10 Torday &amp; Carlisle 88 - 1 207 62 We St Vastas Alexander 82 - 1 208 17 Unilock Holdings 205 - 1 209 45 Vastas Alexander 50 - 1 200 41 Torday &amp; Carlisle 88 - 1 200 41 Torday &amp; Carlisle 88 - 1 201 47 Vo. 1 202 40 Torday &amp; Carlisle 88 - 1 203 40 Torday &amp; Carlisle 88 - 1 204 57 We St Vastas Alexander 51 - 1 205 We V. S Vastas 200 - 10 205 We S Vastas Alexander 51 - 1 206 We S Vastas Alexander 51 - 1 207 20 W. S Vastas 200 - 10 207 20 W. S Vastas 200 - 10 208 10 Torday A Carlisle 200 - 10 209 10 Torday A Carlisle 200 - 10 200 10 Torday A Carlisle 200 - 10 200 10 Torday Carlisle 200 - 10 201 10 Torday A Carlisle 200 - 10 201</td><td></td></td<>	been made for the shares to be admitted to isting. A proportion of the shares being public through the market.	The final dividend from thia operty owoing investment com- ny is lifted by 0.15p to 2.15o t per abare on increased pltal, making a total of 3.75p r the year (3.5p). Thia creased payment will cost the mpany a total £3.84m (£3.39m). Earnings are giveo as 4.13p r share (4.51p adjusted) and t asset value at 110p per share 03.1p). * * * * Profit before tax in the year to oril 30 1984 at Westminster & mutry Properties was £875.000 mpared with £709,000. This is derived from rental income from £501,000 to £599,000 and on gross profit on the sale of velopments of £1.36m against 27m. The directors of this property vestor and developer are pro- sung to increase the final divi- nd by 1p to 4.75p. making the tal for the year 15p higher at ip. Earnings per share are ited at 22.5p (18.7p). Prospects r the current year appear atisfactory." they say. The directors consider that the lue of completed developments creeds their hook value by 44m to give a net asset value	Turnover moved up from £1.14m to £1.68m — the company reats electronic instruments and computers on a ahort term basis. * * * * Net asset value at the Edin- burgh Investment Trust is shown at 131.9p at the end of September 1984 compared with 124.5p six months earlier. Available income for the six months to the end of Septem- ber 1984 moved up from £2.93m to £4.12m. The net interim dividend has been lifted from 1p to 1.1p—in the last full year s total of 2.5p was paid. Firsi- half earnings per 25p share were shown as 1.44p (1.37p). * * * Aithough turnover at Bray Technologies was 16 per ceot higher at £4.1m. pre-tax profits dipped by 9 per cent from 5375.000 to £342.000, in the six months to June 30 1984. The interim dividend is unchanged at 1p—last year s total of 2.5p was paid from pre- tax profits of £682.000. The com- pany's shares are traded on the market formed by Granville & Company. * * *	Although first balf pre-tax profits of the London and Edin- burgh Trust declined by £543,000 to £2.06m, the directors say indications for the full 1984 year are that figures will be substan- tially higher. They explain that net renlal income will increase by some 80 per cent to £1.1m and add that it is also anticipated that the new financial services division will make an effective contribution to profits. Earlings for the first six months emerged at 9.06p (16.3p on old capital) and a net interim dividend of 2.5p is being paid— a single payment of 3p was paid for 1983 from taxable profits of £3.35m. * * * As indicated in the last annual report at Microlease the current year has progressed very well, say the directors, on reporting an increase in pre-tax profits from £275,000 to £503,000 for the half year to the end of August 1984. 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### **UK COMPANY NEWS**

### John Moore looks at Lloyd's accounting reforms

# The cultural revolution takes a forward step

A NEW stage was reached in since it would undermine the tha cultural revolution in the whola basis of trust on which Lloyd's insurance market yester- the market relied in its relationday as Mr Ian Hay Davison, ships with its members. chief executive of Lloyd's, un. weiled far reaching accounting placed enormous strains on reforms for the market's under-Lloyd's club-like methods of

24

Mr Davison said yesterday: "We face a hig educational problem and we have a long way to go. But two years ago these reforms would have been unthinkable in the Lloyd's

To the outside world the accounting reforms may seen unexceptional. The key change is that Lloyd's now requires that annual reports of syndicates, into which the 23,438 members of the market are ground should a few hundred or less. the market are grouped, should give e "true and fair view" of the profit or loss et the end of an underwriting account

#### Reforms

The changes outlined yester-day are designed to bring accounting procedures within Lloyd's into line with accounting practices elsewhere in the business community.

Lloyd's into line with accounding practices elsewhere in the business community. These moves are among the most significant reforms to be carried out in Lloyd's since scandals involving allegations that more than fil00m had been misappropriated by the market's underwriting professionals from funds belonging to underwriting members surfaced at the end of 1982.

Although this is accepted as a normal accounting practice beyond Lloyd's, the market's own accounting procedures have the procedure accounting to whole groups of underwriting members, accounting procedures have

own accounting procedures have interwriting members, been more primitive. Abuses developed as under-Since its emergence as a writing agents became unclear market nearly 300 years ago, abont the obligations which Lloyd'a has developed along needed to be discharged in their club-lines. Its rules were un- relationship with their principals, questioned and expected by the the underwriting members. professionals to be unquestioned, Funds were not properly

New Issue October, 1984 accounted for in the published accounts to the underwriting members or in the mana: eccounts.

Yesterday's The growth of the market has placed enormous strains on Lloyd's club-like methods of operation. In 1970 there were just 5,999 members of tha market which has grown to its present size. Next year there may be 27,000 or so underwriting mem-bers at Lloyd'a. These members are grouped into 430 Insurance syndicates, some of which are large, running into thousands of members, and some quite small, with perhaps a few hundred or less. reforms Vesterday's reforms are designed to change that. Under its own privete Act of Parlia-ment Lloyd's has introduced e bye-law to ensure that a syndi-cata's annual reports should give a "true and fair" view of the profit and loss on underwriting accounts as assessed by an auditor. auditor.

Moreover, the bye-law insists that a personal account given to underwriting members of their affairs should also be prepared on e " true and fair " basis. This would show the underwriting member's net result.

When syndicates consisted of relatively few underwriting mem-bers the accounts for each under-Conflicts

writing year were kapt separate. Each underwritiog member was given bis own detailed account of his investment in Lloyd's. It also requires that if a professional underwriter carries out business for another syndicate in tandem with a main insurance syndicate for which he acts, be should also disclose relevant information. This is designed to identify potential conflicts of interest.

But with the growth of membersbip, and as the syndicates increased in size, the agents who looked after the affairs of underwriting members looked for methods to simplify the accounting while still The new requirements insist on a seven-year summary of results to be shown in the report and accounts. The syndicate's

and accounts. The syndicate's report and accounts must now he filed on a Lloyd's central file together with the nuderwriter's and managing agent's reports. The "true and fair " view requiremeots will not become mandatory until the end of 1985. Mr Davison says be has received indications that 130 out of 530 syndicates would face an auditor's qualification on their accounts if those standards applied at the end of this year. The delay is designed to allow those syndicates who fall below the standards to get their affairs into order to satisfy Lloyd's new account of funds held on their behalf. Individual eccounting to

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into order to satisfy Lloyd's new requirements.

AN S6 PER CENT increase from 1573,257 to f1.06m in pre-tax profits is reported by Grosvenor Group, electrical, electronics and engineering group, for the year to June 30 1984. Commenting on this much improved performance. Mr Gordon Hazzard, the managing

by 86%

Grosvenor

to £1.06m

**Group soars** 

director, says the results include, for the first time, a full year's contribution from Floform, Rubber and Plastics Industries, and Cera, all of which were acquired during the previous Year

There were also partial con-tributions from Backer Electric and Weigh-Count International Grosvenor acquired 54.6 per cent of Backer in February, and 100 per cent of Weigh-Count in

March. Mr Hazzard adds that the over-all result for the group was in line with the board's expectation at the beginning of the year

at the beginning of the year Cera, which was acquired in May 1983, was expected to take some time to re-establish itself in the market place, but although the order book improved in the second half, it still fell substan-tially short of the amount required to hreak even. In addition, production prob-lems added to its difficulties and resulted in a loss of approxi-

lems added to its difficulties and resulted in a loss of approxi-mately £500.000 for the year. In contrast to these disappoint-ments, be says there have been excellent performances from other companies in the group, notably Floform Lock & Co and Ensel Electric, which were all abead of budget for the year, and this trading pattern has con-tinued through the first quarter of the current year.

tinued through the first quarter of the current year. Group turnover for the year under review advanced by 141 per cent from £9.81m to £23,64m. and operating profits increased from £593,493 to £1.37m. Tax was up from £60,678 to £218,656. The final dividend is raised from 3.25p to 3.5p net for an increased final of 5.75p (5.25p).



bidder. He dismissed suggestions that any other retailer with electrical interests would bid and said no one outside the electrical sector would be able to understand and sort out the problems at Currys. Dirons plans to send out its offer document on Friday or Mooday next. It has asked for a meeting with the Currys board but bad not yet had an answer. Mr Kalms said Currys should

Mr Kalms said Currys should be making at least 50 per cent higher profits than it has been. Currys last week announced a 9 per cent fall in pre-tax profits to £8.5m in the six months ended July 25 after making £22.5m in

### Carless steps up bid pressure

Dixons confident of no

#### BY DOMINIC LAWSON

BY DOMINIC LAWSONCarless Capel & Leonard has<br/>extended its near £100m all share<br/>bid for fellow oil company<br/>Premier Consolidated Oilfields<br/>until October 17.onsbore oilfield in Europe.<br/>Mr Leonard argues that "it is<br/>hard to believa that on its own<br/>premier will he able to carry<br/>out its exploration programme."<br/>The merger will lift the financial<br/>burdens which will otherwise<br/>blight Premier's future, con-<br/>"to be swayed by rhetoric or<br/>"to be swayed by rhetoric or<br/>emotion." He adds that "on hasic<br/>of Carless and Premier makes<br/>sense."onsbore oilfield in Europe.<br/>Mr Leonard argues that "it is<br/>ment that shares in Carless ago ard<br/>now worth £1.000 10 years ago ard<br/>now worth £19,400, while over<br/>the same period an equivalent<br/>sum invested in Premier would<br/>burdens which will otherwise<br/>blight Premier's future, con-<br/>cludes Mr Leonard.Carless points ont in its docu-<br/>ment that shares in Carless<br/>uw worth £1.000 10 years ago ard<br/>now worth £19,400, while over<br/>sum invested in Premier would<br/>burdens which will otherwise<br/>beary costs in funding the<br/>horrowings incurred in huying<br/>its biggest asset, a stake in the<br/>Wytch Farm oilfield, the largest<br/>its biggest asset, a stake in the<br/>to take over Premier.Carless points ont in its docu-<br/>ment that shares in Carless<br/>bancial<br/>burdens which will otherwise<br/>beard counted will take Carless bad attracted sup-<br/>port from only 1.77 per cent of<br/>shares is not sufficient to carry<br/>the day. It is thought that either<br/>shares in cot sufficient to carry<br/>the day. It is thought that either<br/>share offer every three Premier<br/>share offer every three Premier<br/>share for every three Premier<br/>share sis not sufficient to carry<br/>the introduction of a cash ele-<br/>ment, or an improved share offer<br/>would be necessary.-

current terms of one carless share for every three Premier shares is not sufficient to carry the day. It is thought that either the introduction of a cash ele-ment, or an improved share offer would be necessary. its biggest asset, a stake in the it would take Carles: Wytch Farm oilfield, the largest to take over Premier.

### **BIDS AND DEALS IN BRIEF**

A 20.8 per cent stake in rights issue in full and, in July, Bluemel Brothers, the bicycle beld a 21.46 stake in Bluemel. manufacturer and importer, changed hands yesterday at a stake in Falcon, formerly Jenks reported price of 16p per share when Mandarin Besources sold to P. T. Cabrin of Indonesia and Singapore. Bluemel is beaded by Mr Buemel is beaded by Mr Ronnle Aitken who is also public relations and financial deporty chairman of Mandarin advertising and PR Ronnle Aitken who is also termine advertising arm, of the Extel the Extel Advertising and financial advertising arm, of the Extel the Extel Advertising and PR

to P. T. Cabrin of Indonesia and is beaded by Mr Aixen. Singapore. \* \* \* \* Biuemel is beaded by Mr Extel Advertising and PR Ronnie Aitken who is also public relations and financial deputy chairman of Mandarin advertising arm, of the Extel Resources, the Far Eastern Group, has ecquired the Turner Investment company. Mandarin Porter design consultancy. Its backed Bluemel's recent £1.46m clients include Barclays Bank,

Wolseley Hughes has acquired EFI Plastics and Metalware of Merthyr Tyddil for around, 2550,000.



This Notice is to advise holders of 4%% Convertible Debentures doc 1988 of AM International, Inc. ("AMI"), formerly Ad-dressograph-Multigraph Corporation, of the procedures for surrendering their debentures in order to receive the distributions due them under AMI's Plan of Reorganization (the "Plan"), The Plan was confirmed by an Order of the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, dated September 11, 1984. The Plan provides that holders of AMI's Convertible Debentures will receive distributions of cash and new common stock of AMI upon surrender of the Convertible Debentures and delivery of a Letter of Transmittal to the Disbursing Agent under the Plan, State Street Bank and Trast Company ("State Street Bank"). The form of the Letter of Transmittal may be obtained by writing to;

# "Although they should not be selling watches in such big should not be in calculators. They have a bit of a dog's dinner in their sbops." During the nine minute They have a bit of a dog's dinner in their shops." be said. During the nine-minute meet-ing at which not a single share-holders' question was asked. Mr kalms said ha expected a st 408p, and still 18p higher spirited defence from Currys than the value of tha Dixons'

The share price of Britzmia Arrow Holdings, fund manage-ment and financial services com-pany, rose 6p to 73p yesterday on speculation that an unidenti-fied company is poised to make a bid.

BIDS AND DEALS

The price movement reacted to rumours that a major share-bolder in Britannia had sold its bolder in Britannia had sold its stake to an unknown buyer for at least 100p per share. But there is no firm evidence as to the identity of this major buyer. The two largest shareholders in Britannia are United Kingdom Temperance and General Provi-dent Institution, a mulual life company, with 22.75 per cent and London and Manchester Assurance with 8.5 per cent. It is understood that neither com-pany was prepared to comment on rumours of the sale or on the firm rise in the share price.

Britannia

Arrow up

6p on bid

speculation

10115

achd

a ral

Approach for

### Small and

#### Tidmas

**L PUBLICS** Shares of John C. Small & Tidmas, a Nottingham-based manufacturer of knitted fabrics, rose 28p to 30p yesterday to value the company at 1960,000 after it announced it had received e takeover approach. Small & Tidmas made a pre-tax loss of \$44,000 in 1983--the fourth successive year of losses -on sales of \$5.17m. It agreed in March to sell the principal assets of its warp knitting divi-sion to British Vita for \$460,000 cash. It has since concentrated its

cash. It has since concentrated its ectivities on its net and tulle division, which made a trading profit of £42,000 on sales of £1.3m in 1983.

**Combined English** 

Combined English Stores-Stake shares and rights over shares beld in discretionary investments portfolios managed by, or on advice from Wsrburg Investment Management, includ-ing Investment portfolios beld for their own account by man-

for their own account by mem-bers of the Mercury Securities group, were increased by 300,000 ordinary to 8.63m, equal to 16.26 per cent of total voting rights.

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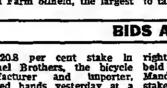
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nk für Gemeinwirtschaft Liengeseilschaft Bank J. Vonlobel & Co. AG

Banque Générale du Luxombourg S.A. Banque de Neuffize, Schlum Barclays Merchant Bank rische Landos ank Girozentri

Berlingr Bank Aktiongesellschaft mical Bank Intern Compagnie de Benque et d'Investissements, CBi Crédit Industriei d'Alsace et de Lor **Daiwa Europe Limited** DG Bank Reutsche Genos **Draxel Sumham Lambert** Incorporated European Banking Company Limited Girozentrale und Bank der österreic schen Soarkasse Aktiengesellschaft Georg Hauck & Sohn Banklers Kommandigesellschaft auf Aktien ituto Bancario San Paolo di Torino

Landesbank Rheinland-Pfalz Girozentrale -LTC2 International Marck, Finck & Co.

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### Marievale on strike

MINING NEWS

**Black workers at** 

FURTHER misunderstandings The strikers have been told over the terms of the settlement that Marievale was not a party of the recent strike by bleck workers in South Africa's gold to the recent agreement between the black National Union of work st Marievale, one of the smaller and older mines in the Gencor group. Essential services, including the treatment plant, Mineworkers and a number of Mineworkers and a number or other gold mines. This is clearly a reference to some of the mines in the Angle American Corporation group, Gencor said yesterday that almost all of its 1,360 black work-force failed to report for their shifts on Monday night and Tueswhich brought the strike to an end after a day of confusion by amending their arrangements for paying boliday allowances and return bonuses. day morning. There bas so far been none of the violence which The Kloof mine of Gold Flelds of Sonth Africa, the only mine outside the Anglo group to be directly threatened with strike marked the dispute at a number of other mines. The workers heve been told action, made no changes in its that they are taking part in an arrangements, illegal strike, as the statutory no disruption negotiating procedures have not The continu been followed, and that their ings in the w action could have serious con- are expected to arrangements, and has reported no disription. The continued misunderstand-ings in the wake of the strika are expected to lead the Chamber of Mines to attempt to impose some degree of conformity on equences, including dismissal. Gencor added that a delegation of the black workers met the the mines over the way in which management on Monday to ex- fringe benefits are paid. At press dissatisfaction with wages, present, the Chamber's role is and the strike appeared to be confined to negotieting minimum connected with these demands. wage levels each year.

### **RTZ** in discussions on Portuguese copper mine

THE London-based Rio Tinto- meot in recent Portuguese Zinc international mining and history. Reserves have been industrial group looks set to estimated by outsiders at 27.5m expand its operations in the tonnes, with a very high average Iberian Peninsula through the grade of 3.66 per cent copper. acquisition of a sizeable minority The deposit is known to be

Iberian Peninsula through the acquisition of a sizeable minority stake in a Portuguese copper project. The group is discussing the purchase of a combined 49 per cent interest in the Neves Corvo project from two French com-praies, Penarroya, part of the financially-troubled Insetal group. trates could be useful in ellviat-in the world, but the concen-trates could be useful in ellviat-ing the current shortage at state-controlled Burean de Miniferes (BRGM). Miniferes (BRGM). The deposit is known to be geologically complex, and also contains lead and zinc. Copper production from Neves enough to hava any adverse impact on other mines elsewhere in the world, but the concen-trates could be useful in ellviat-ing the current shortage at European smelters, especially in Recharroya currently bolds to comment on the discussions,

Minieres (BRGM). Penarroya currently bolds to comment on the discussions, 33.5 per cent in the project, and has connections with the Iberian Coframines' stake is 16.5 per Peninsula dating from before the cent. The Portuguese Govern-formation of the present group, ment holds the remaining 51 per and one of the original con-stituent companies, Rio Tinto Neves Corvo is regarded as the Minera, still has operations in most important mining develop- Sp.

#### MINING NEWS IN BRIEF

AUSTRALIA'S Benissen Gold-fields Consolidated and Enter-prise Gold Mines have decided to go ahead with the developm; nt of the Pine Creek gold deposit, south-east of Darwin in the the remaining 40 per cent of Northern Territory. The mine is expetced to produce ebout 480,000 ouncres of gold over a life of nine years, and sbould start production late next year. A new company, from 49 per cent of pine Creek Goldfields. A new company, for the capital cost of the mine will be contributed by way of redeemable preferentee of the mine will be contributed by way of redeemable preference shares, with Enterprise's total commitment limited to AS4m by arrangement between the two A new company, Pine Creek hy way of r Goldfields, is to be set up to shares, wit develop the deposit. RGC, the commitmen Australian arm of London's arrangement Consolidated Gold Fields, will companies.

State Street Bank and Trusl Company Corporate Stock Transfer Unit 145 Newport Avenue, Five East No. Quincy, Massachusetts 02171

and requesting the "Letter of Transmittal for AM International 4%% Convertible Debentures." The Letter of Traismittal may also be obtained at the office of Citibank, N.A., 5 Hanover Square, 14th Floor, New York, New York 10043, USA, Attention: Corporate Trust Department, at the offices of Citibank, 1001: Corporate Trust Department, at the offices of Cittbank, N.A. in Amsterdam (Herengracht 545-549, 1017 BW, Am-sterdam, The Netherlands), in Brussels (Avenue de Tervaren 249, B-1150, Brassels, Belgium), in London (Cittbank Honse, 336 Strand, P.O. Box 78, London, England WC2R, 1HB), in Milan (Foro Buomaparte N. 16, 20121, Milan, Italy), in Paris (Citicenter 19 ie Parvis La Defense 7, Paris, France), at Citicenter 19 ie Parvis La Defense 7, Paris, France), at Citlbank AG., Frankfurt/Main (Neue Mainzer Strasse 40/42 D-6000, Frankfurt/Main, Germany) in each case, Attention: Manager, Securities Department, and at the main office of Kredietbank S.A. Luxembourgeoise (37 Rue Notre-Dame, Luxembourg-Ville, Luxembourg).

No distribution under the Plan will be made to a holder of AMI's 41% Convertible Debentures until the debenture certificate, accompanied by the Letter of Transmittal, is delivered to State Street Bank in accordance with the instructions set forth in the Letter of Transmittal.

### FINANCIAL TIMES CONFERENCES WORLD TELECOMMUNICATIONS

Top-level speakers will be taking part in the forthcoming Financial Times conference on World Telecommunications to be held at tha London Hotel Inter-Continantal on December 11 & 12 1984. The opening address will be given by The Rt Hon Norman Tebbit, Secretary of State for Trade and Industry. Topics and speakers will include:

- British Telecom's Goals as a Private Corporation " Sir George Jefferson, CBE British Telecommunications pic
- "AT&T: After Divestiture, the Way Ahead" Mr James E Olson AT & T Technologies
- "Towards a European Telecommunications Market" M Jacques Doudonx Ministère des PTT, Paris
- " The Telecommunications User as an Information Mr Kenneth L Phillips

Citicorp (USA) Inc

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For further details of this 1984 conference plcase contact The Financial Times Conference Organisation Minster House, Arthur Street, London EC4R 9AX Tel: 01-621 1355 (24-hour answering service) Telex: 27347 FTCONF

NEW YORK STOCK EXCHANGE 26-28 AMERICAN STOCK EXCHANGE 27-28 U.S. OVER-THE-COUNTER 28, 36 WORLD STOCK MARKETS 28 LONDON STOCK EXCHANGE 29-31 UNIT TRUSTS 32-33 COMMODITIES 34 CURRENCIES 35 INTERNATIONAL CAPITAL MARKETS 36

### **SECTION III – INTERNATIONAL MARKETS FINANCIAL TIMES** Wednesday October 10 1984

#### WALL STREET

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### Nervousness puts end to early rally

before the end of the session yesterday, when light selling of blue chips turned the market downwards, writes Terry Byland in New York.

eral funds rate had helped the market to stage a successful rally earlier in the

Credit markets, by contrast, held on to their initial price gains, encouraged by a further dip to 10 per cent in the federal funds rate, despite a move by the Feder-al Reserve to drain liquidity by making matched sales of securities.

By the close the Dow Jones industrial average was 2.76 points down at 1,175.13 after being a net 6.5 up at mid-morning. Turnover, at 76.3m shares, was moderate. The key long bond ended at 10227/22, a net gain of 11/12

Federal funds opened at 10% per cent, compared with around 10% per cent on Friday and 11% per cent only a week ago. The lower rate reflected in part the slackening demand associated with the

DJ Industrials - 1,175.13 1,177 89 1,272.15

the Fed is willing to relax credit policies in view of the slowdown in money supply growth.

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But the announcement of matched purchases - which came when the funds rate stood at 10% per cent - suggested that the early fall in the rate was too steep for the Fed's liking.

Early gains in bond prices were trimmed at midsession. The protracted delay in obtaining congressional approval for the new federal debt ceiling heightened nervousness regarding the expected rush of new Treasury funding, expected as soon as the approval is passed (presumably before the end of the week).

In the stock market, the first corpo rate third-quarter reports were received with caution. Eastern Air Lines, at \$5, gained a further \$% on its return to profitability, hut UAL and Delta each lost \$% to \$37% and \$32%, respectively. Both have results due.

United Telecom held steady at \$21% after reporting profitability for the third quarter. AT & T was also unchanged at \$18% while ITT, at \$28%, was \$% better despite firm denial of plans to sell the Sheridan botel chain.

· International Paper, world leader in the industry, added \$% to \$49% on improved third-quarter earnings, while Consolidated Paper added \$% to \$65%, also on good third-quarter figures.

Among the mainframe computer issues, Burroughs gained \$% to \$51% in thin trading after announcing the expected new models. IBM added \$% to \$121%, while Honeywell, still smarting

Oct 9 Previous

Oct 9 Previous

Again prominent on the active stocks list was Storage Technology, whose data equipment bas to compete with IBM. It lost a further \$% to \$6% in continued response to the board's warning of a loss of more than \$20m for the third quarter. Electronic Data Systems, which also sells data processing equipment to government offices, fell \$% to \$45.

Better news on union response to the recent wage talks left General Motors unchanged at \$76%, while Ford edged up by \$% to \$44%.

CBS, the TV operator, was \$% better at \$78 after reporting increased profits for the third quarter - mostly on the TV and radio side

Money market rates dipped hy 10 basis points or more in response to the fed-eral funds rate. Bank certificates of deposit showed falls of 15 to 17 basis points at the longer end of the range.

The heavy overhang of some new issues took ¼ point or more off municipal bond prices. Corporates, however, edged higher.

LONDON

### Money data put a dent in sentiment

DISAPPOINTING money supply statis-tics prompted caution late yesterday af-ter London stock markets bad displayed a quietly firm trend earlier in the session. The 2.30pm announcement of a larger than expected rise last month in UK monetary aggregates seemed to rule out the immediate prospect of a cut in base lending rates.

Dealers adopted defensive tactics lowering quotations for gilt-edged and leading shares. Index-linked securities surrendered initial gains and settled % down on the day. Conventional gilts again suffered the effects of fund raising for investment elsewhere, and some were down a point overall.

The FT Industrial Ordinary index, which had been 4 points higher in the early afternoon, closed 0.4 down on balance at 866.2. Of the 30 constituents, 11 showed falls ranging to 6p while seven recorded rises - these extending to 11p for Hawker Siddeley at 446p after 452p, in front of next Wednesday's interim statement.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30–31

A DOWNWARD movement in active

### AUSTRALIA

TOKYO Stimulus by drug makers is little help

PHARMACEUTICAL and biotechnology-related issues stood out in an otherwise dull pre-holiday Tokyo stock market yesterday, writes Shigeo Nishiwaki

of Jiji Press. The continued drop in New York overnight further dampened investor interest and sparked small-lot selling of blue chips. The market is closed today .

The Nikkei-Dow market average was 8.22 down at 10,668.71, dropping for the third day running But volume expanded to 325.13m shares from the previous day's 228.58m. Declines outpaced advances hy 385 to 298, with 183 issues unchanged.

With no clear prospects for a yen rally against the U.S. dollar, investor expectations of rises in blue chips towards the end of the year subsided. Moreover, huying of incentive-backed issues appeared largely to bave run its course.

Only a few hiotechnology stocks came under the spotlight. Mochida Pharme-ceutical climbed Y200 to a record Y11,900 on strong speculative purchases amid reports of an anti-cancer agent. Nichiban, an adhesive tape and han-dage maker which is diversifying into

pharmaceuticals, firmed Y56 to Y790, and Nippon Kayaku Y27 to Y612. Of the 30 most active stocks, hiotechnology-re-lated issues accounted for 10.

Teijin remained volume leader, with 14m shares traded rising Y7 to Y423, again helped by the news of the development of a pollution-free electrode material which could replace mercury-based

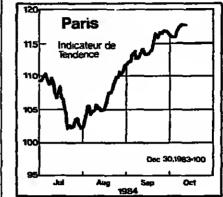
battery cells. Sumitomo Light Metal, the second husiest with 13.3m shares, added Y12 to Y335 on the strength of hrisk demand for an aluminium magnetic disk. Stanley Electric, also active, gained Y40 to Y1,080, reflecting strong semiconductor demand.

Morinaga, which shed Y54 on Monday on reports that anonymous blackmailers had laced its products with sodium cyanide, improved Y23 to Y489. The rally stemmed largely from short-covering.

Blue chips remained weak in general on light sales across a broad front. Matsushita eased Y30 to Y1,620, and TDK Y90 to Y5,280.

The bond market was weak in extremely thin trading due to the closure of U.S. federal bond markets the previous day and today's national holiday in Japan.

The yield on the benchmark 7.5 per cent government bond due in January 1993 rose slightly to 7.1 per cent from 7.095 per cent.



### EUROPE Foreigners aid the

firm tone

FOREIGN buying, boosted in part by the stronger U.S. dollar, was evident in many European centres yesterday, where markets closed narrowly mixed to higher despite the poor overnight performance in New York.

Early boisterous buying in Frankfurt dissipated, though, and prices rarely gained or lost more than DM 1. The Commerzbank index crawled up 0.9 to 1.069.0.

Most activity occurred in the banking sector, where Deutsche Bank took on DM 3.50 to DM 369.50, BHF DM 6 to DM 268 and Dresdner DM 1.50 to DM 170.

Blue-chip electrical Siemens, a favourite with foreign investors, jumped DM 6.40 to DM 447.40, despite losing a large British Telecom contract. Bond prices beld their easier tone, dis-

tracted by Monday's holiday in the U.S. markets. The Bundesbank bought DM 43m of paper after selling DM 10.7m the previous day.

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KNOW HOW WITH A PERSONAL TOUCH

25

More active trading was seen in Amsterdam where prices turned higher after a hesitant opening. KLM, which today makes effective a five-for-one share split, was heavily bought, up Fl 2.70 to Fl 195.20.

Boskalis traded 20 cents lower at FI 12 amid plans to sell its civil engineering contractor as part of its restructuring.

No clear trend was evident in Paris. Metals, oils and financials were mixed in dull trading, while electricals and food issues slightly improved. The Indicateur de Tendence was 0.2 lower at 117.8.

Imetal slipped FFr 1.50 to FFr 68, Elf Aquitaine dropped FFr 3 to FFr 253, while Avions Dassault put on FFr 20 to FFr 720.

Brussels ended mostly steady, with attention focusing on Groupe Bruxelles Lambert following news that it plans to increase its stake in Petrofina. GBL was BFr 45 lower at BFr 2,290,

while Petrofina added BFr 10 to BFr 7.700.

A drop in Swiss inflation during Sep-tember failed to enliven sentiment in a quiet Zurich.

Motor Columbus, the energy holding and consulting group, gained SwFr 9 to SwFr 794, It expects flat results for 1984 after suffering severe losses on a Tehran construction project.

In the bond market, trading was subdued.

Industrial issues led a late rally in Milan, but momentum failed to gather, and most sectors ended mixed. Uncertainties looming on the political horizon, coupled with next Monday's monthly settlements, left investors hestitant to participate.

Italmobiliare, parent company of the Pesenti group, recovered Monday's losses to finish L1,990 up at L55,500. Fiat, which also fell the previous day, gained L26 to L1.701.

Bastogi, the bolding company suspended on Monday after reports that a subsidiary was in financial trouble, rallied to Ll00, up Ll1.

The upward drift in Madrid ended yesterday when the first declines in nine days were recorded. Property issues were the only ones to post gains, and the electrical sector saw the greatest falls. Lack of huying interest took Stockholm lower.



from a boardroom caution ahead of its end of the quarter but was also read by results, dipped by \$% to \$54%. the market as welcome evidence that **KEY MARKET MONITORS** End Month Figures FT-Actuaries All-Share Index 125 Tak 1150 FT-industrial Ordinary Index (39-Share) 0.5 1900 1 1 1981 + 1 1982 -1984 1963 1978 STOCK MARKET MDICES CURRENCIES U.S. DOLLAR Oct 9 Previous Year ago STERLING NEW YORK

(London)

NERVOUSNESS ahead of the quarterly reporting season returned to Wall Street

An unexpectedly sharp fall in the fed-

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(offered rate)	
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Silver (spot fixing)	587.20p 587.20p
Copper (cash)	£1,025.00 £1,021.25 £2,336.50 £2,320.50
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Sydney dealings was attributed to depressed metal values rather than to the widely anticipated calling of an early general election. Selling was confined mainly to resource issues while the industrial boards were well maintained.

CRA shed 14 cents to A\$4.96, and BHP 5 cents to A\$10.25. Vamgas on the energy side was also 5 cents off at A\$3.85. Elsewbere, Mayne Nickless, the transport and security group contesting a bid for control by APM, rose 13 cents to

A\$3.73 - a two-day jump of 25 cents on bopes that a white knight will improve the paper concern's effective A\$3.52 a share offer.

### **HONG KONG**

THE MORE buoyant tone which began to emerge in Monday's late Hong Kong dealings was sustained as foreign institutions returned.

Hongkong Land rallied 13 cents to HK\$3.05 on news of the planned sale of a large hotel which would ease its debt burden. Jardine Matheson, which holds a sizeable stake in the property group, picked up 35 cents to HKS7.10 Jardine Securities recouped 15 cents

at HK\$5.50.

### SINGAPORE

SELLING pressure abated somewhat in Singapore hut still held sway, although offerings were well absorbed in growing volume. Concerns over the pending Malaysian hudget and weakness in the ringgit were partially set aside. Falls led rises by seven to five, far nar-

rower than Monday's 12 to one ratio, and isolated speculative issues made prominent gains. The two most actives were Supreme Corporation, up 12 cents to S\$1.81, and Ben & Co, 29 cents stronger at S\$1.33.

### SOUTH AFRICA

A MIXED result for Johannesburg golds left FS Geduld 50 cents ahead at R55 while Kloof moved the same amount lower to R70.50.

Gold Fields of SA dipped 25 cents to R28.50 in further reaction to poorer per-formances from group mines. Driefontein, an exception among these on Monday with a 25-cent gain, relinquished it to return to R50.50.

Retailer CNA Gallo gained 30 cents to R2, but insurer Protea slipped 15 cents to R1.60.

#### CANADA

WEAKNESS was evident across the entire range of Toronto resource issues, with golds, base metals and energy all showing setbacks. These were largely offset, though, by gains elsewhere in the <u>market</u>.

Banks and utilities were in most fayour in Montreal, while industrials remained dull.

# KK

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very day in the papers and on TV you see L it: interest rates constantly changing and the dollar, the pound, the deutschemark and the yen going up and down against each other.

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movements. Now you can too, if you have at least £2,500 to invest in the Barclays Unicorn Multicurrency Fund based in Jersey.

This 'roll-up' fund enables you to obtain advantageous rates of

interest while at the same time providing the peace of mind of knowing your capital is safe, in your chosen currency. How does it work?

The funds are placed on deposit, mainly with international banks, but they may also be invested in short term high yielding money market instruments, thus providing investors with returns close to wholesale money market rates.

You have the option of choosing the currency you want your money to go into from sterling, US dollars, deutschemarks and yen and you can subsequently switch from one to another at no charge. It is a superb opportunity to earn a high rate of interest with minimal risk, and have the ability to switch conveniently between currencies.

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tors but will accumulate instead in the Multicurrency Fund, there are benefits for:

(i) UK resident taxpayers for whom the ability to defer income tax is useful, e.g. people nearing retirement.

(ii) Intending emigrants from the UK. (iii) Expatriates returning temporarily to the UK for a period during which they do not wish to

be taxed upon interest. Of course the fact that this fund is administered by Barclays, one of the world's largest banks, means that investors can be confident that it will be receiving professional attention at all times.

Isn't now the time for you to find out more? Simply send the coupon for the full prospectus and application form which must accompany your remittance.

\*\*\*\* - BARCLAYS UNICORN MULTICURRENCY FUND LIMITED -

To: Barclays Unicorn International (Channel Islands) Limited, PO Box 152, I Charing Cross, St Helier, Jersey, Channel Islands, Please send me a copy of the Fund's Prospectus and an Application Form.

NAME.

ADDRESS.

MINIMUM INVESTMENT Sterling £2,500 US Dollar \$5,000 Deutschemark 10,000 Yen 750.000 (NOT AVAILABLE TO RESIDENTS OF THE USA)



NEW YORK STOCK EXCHANGE COMPOSITE CL	USING PRICES
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Financial Times Wednesday October 10 1984

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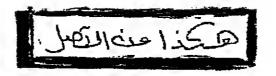
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### **AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES**

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Chige Prev Close

YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES 

Charte Close Prov. Docto Close 351 - 1: 371 - 1: 4212 - 11 Chine Prev. Cline + 1 + 1 Cirge Prov. Come + 1 P/ Sbs Div. Yiel. E 100b High 5 85 7 4981 300g 152 40 10 34 300g 152 35 8 148 431g 12 Marth High Low 344, 25% 155, 94, 34, 25% 12 Manth High Low 24 k 18 84 124 Bl 12 Month High Law 48% July 42% July Close F Goote ( 51 145g 23g-Stock WAIr WAIr 34 134 Stock WerBk UnderBk 245g 1 35.5 Stock 304 304 25 426 1.56 5.0 8 35 314 10 79 144 1 8 23 40 134 Shedon 25,13 31b 334 Tenaco TvABc 14.1

		10       10       1479       6%       <		Base 4.3         102         102         103         103         104         104         104         104         104         104         104         104         104         104         104         104         104         104         104         104         105         104         105         10	A MA E TORMAN LA MANA LA MA
Par	Bight         TH         TH	Mail       1.3       3.2       22533       327       571       575       565       561       561       561       561       561       561       561       561       561       561       561       561       561       562       521       16007       575       562       521       755       560       575       561       575       575       561       575       575	200 77 7 104 361 362 565 7 752 9 Latur p 11 12 4 325 325 273	6 578 14 139, 139, 1 14 51150 557, 25 6254 +4 45 5186 29 245 129, 259, 259, -4, 27 15, 2 110 44 135, 135, 14, 197 17, 12 22 234, 24 + 5; 20 17, 10 134, 134, 134, 137, +4 4 17, 12 234, 23 23 90 17, 10 11 107, 11 + 4 49 29 1181 19 184, 164, +4,	Financial Times

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### WORLD STOCK MARKETS

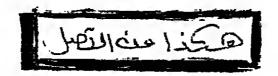
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### LONDON STOCK EXCHANGE

### RECENT ISSUES

EQUITIES

# Late fall follows money stock news which dampens

Account Dealing Dates

MARKET REPORT

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statistics prompted caution late yesterday after London stock markets had displayed a quietly firm trend earlier in the session. The 2.30 pm announcement of a larger-than-expected rise last month in UK monetary aggregates seemed to rule out the immediate prospect of a cut in base lending rates, which markets had been hoping for. The authorities suggested that sterling MS may have risen by. 14 to 14 per cent compared with analysis' estimates of around 1 : per cent.

Dealers adopted defensive tactics, lowering quotations for Gilt-edged and leading shares on the assumption that investors our-suged and leading shares on the assumption that investors would be tempted to - realiss recent profits. In the event, little selling of that nature materialised. But potential buyers withdrew and any sector bolstered over the nast few trail. bolstered over the past few trad-ing sessions suffered an above-average markdown.

Index-linked Government securities were a prime example. Prices surrendered initial gains of a further i, which had reflected the con-tinued desire to bedge against the nossibility of a higher rate of UK inflation, and settled a net i down on the day. Leading Retailing and Brewery stocks were affected most in the equity areas, but many retained mar-ginal improvements on. the session. Government Index-linked session.

conventional Gilt-edged again suffered the effects of fund-raising for investment elsewhere raising for investment elsewhere and were already i lower ahead of the money slock news. Longar dated issues subse-quently gave more ground and in the late after hours' trade some were down a point overall. Treasury, 134 per cent 2000-03, for instance, settled at 1224, avainst 1234 at the 3.30 pm offi-cial close. The shorts were more residient and ended only fractionally eader.

more resident and ended only fractionally easler. Equities took their cue from Gilts and the FT Industrial Ordinary share index, which had been 4 points higher in the early afternoon, closed 2 net 0.4 down on balance at 866.2. Of the 30 constituents, 21 showed falls ranging to 6 pence, while 7 recorded rises extending to 11 pence; Hawker Siddcley gained the latter amount to 440p, after 452p, in front of next Wednesday's interim 'statement.

Option "First Declars Last Account Dealings thous Dealings Day Oct 1 Oct 12 Oct 22 Oct 15 Oct 25 Oct 25 Nov 5 Oct 22 Nov 8 Nov 9 Nov 19 ""New-time" dealings may take place from 3.30 am byo business days artifer. Disappointing money supply statistics prompted caution late machaeria and along the two first-named and duliness among other financial concerns taking part in the current City revolution. Mercury plumameted 22 to 425p and Akroyd 35 more to a new low for the year of 350p; the latter's tartify hopes of lower interest rates plummeted 22 to 425p and Akroyd 35 more to a new low for the year of 350p; the latter's shares have now fallen steadily from 515p since the merger was announced in August. Kleinwort Benson, which last week pub-lished details of the acquisition of stockbrokers Grieveson Grant, fell 20 to 330p. Hill Samuel declined 17 to 278p and Schroders gave up 25 at 650p. Hambros softened a few pence to 155p. Elsewhere, Barclays firmed 5 more to 515p on further consideration of the proposed 8600m (5485m) issue of floating rate notes, which has allayed rights issue fears. NatWest put on 9 to 552p, but the other clearers were ignored. Shipbuilding and shiprepair-ing consultants A, and P. Apple-dors made a satisfactory debut in the Unlisted. Securities Market; placed at 87p, the shares started at 91p and moved up to 835p prior to closing at 90p. Addison Communica-tions, which staged a sparkling debut on Monday, slipped 5 to 144p.

144p. Publicity given to a broker's

Publicity given to a broker's bullish circular prompted initial support of leading Breweries. Sporadic profit-taking was en-countered later, however, and although some small buying was evident towards the close, most issues finished with modest losses. Bass, up to 393p earlier, reverted to the overnight 390p, while Aliied-Lyons, 155p, and Arthur Guinness, 149p, eased 2 apiece. Regionals, on the other band, finally responded to the sector's recent strength. Greene King rose 4 to 152p and Wolver-hampton and Dudley hardened 2 to 238p. Cider makers H. P. Bulmer gained 8 more to 1900 as country buying aroused fresh

as country buying aroused fresh takeover speculation, Leeding Building Material issues continued to ettract light

support and generally closed a few pence firmer. RMC rose 4 more to 358p. Brick concern Ibstock Johnsen gained 13 to 253p after comment on the in-terim results. George Wimpey attracted a reasonable amount of interview and femal 2 to 114p had been 4 points mener in the early afternoon, closed 2 net 0.4 down on balance at 366.2. Of the 30 constituents, 21 showed falls ranging to 6 pence, while 7 recorded rises extending to 11 pence; Hawker Siddcley gained the latter amount to 146p, after 452p, in front of next Wednesday's interim statement. Wednesday's interim statement Wednesday's interim statement ing today's half-timer, but Turtiff Corporation, interim statement due on Friday, im-proved that much to 247p. Good half-year figures beloed British Dredging harden 2 penny to 60p, efter 61p, while a cheerful AGM plicationr of the fourway securities, stockjobbers Akroyd and Smithers and, stockbroking many four and Pitman and Mullens prompted renewed self.

FINANCIAL TIMES STOCK INDICES Oct. Oct. Oct. Oct. Oct. Year 2 8 5 4 3 2 see

overnment Secs... 80.76, 60.98 61.00 80,82 60.82 60.21 81.66 P/E Ratio (net) (\*) ..... 10.69 10.40 10.50 10.51 10.92 10.28 10.04 Total bargains (Est.) 16,422 18,220 18,170 18,611 18,840 23,350 10,810 Equity turnover £m. - 243,41 303.75 261.54 252,12 265,07 160,66 

> 10 sm \$59.2. 11 sm \$69.8. Hoon \$71.2. 1 pm \$70.6. 2 pm 870.0, 3 pm 868.0.

Sasie 100 Govt. Secs. 15/2/28. Fixed Int. 1928. Industrial 1/7/35. Dold Mines 12/0.55, SE Activity 1974. Latest Index 01-246 8028.

NJ = 6.88.

HIGHS AND LOWS S	.E. ACTIVITY
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	19	94	Since Co	mpilet'n		Oct. 1	Oct.
- 1	High	Low	High	Low	Daily		
Govt. Acce	88.77 (9/1)	75,7e	127.4	20.75	Oitt Edged Bargains	154.4	151.9
Fixed Int.	87,48	60.43	155.4	80.03	Bargains	106.7	104.0
Ind. Ord	92e.8 3/5)	750.3	e22,8	de a	Gilt Edged	146.6	141.8
Gold Mines	711,7 ເຊິ(ຊົ)	480.7 (1/8)	754.7	45.5 (28/10/71)	Equities	108,6	101.7

at 368p in response to better-Stores below best

at 368p in response to better-than-expected interim results. Emess Lighting, 15 better at 165p, also drew strength from higher-than-anticipated first-half profits. Leading stocks failed to hold best levels and closed mixed. GEC touched 230p ini-tially on reports of a broker's circular but reacted to finish only 2 dearer on balance at 226p. BICC ended 6 to the good at 233p, but Plessey retreated from an enhanced level of 242n to close at 234p, down 8. Thorn EMI lost 5 to 418p and Racal softened a couple of pence to 258n. Standard Telephones and Cables declined 4 more for a two-day fall of 24 to 283p on disappointment with British relecom's decision not to choose STC as a possible supplier of the electronic local exchanges equip-Buoyant recently on hopes of lower interest rates, leading Stores displayed resilience to the disappointing money supply figures. Declars reported a lively turnover and, with buyers evident after the official close. most prices recorded only mar-ginal losses. Burton touched 320p in initial trading before t 320p in initial trading before settling only a penny up on balance at 316p, while Wool-worth finished 3 to the good at 515p, after 523p, Honse of Fraser, 2840, and Habitat Mothercare, 348p, gave up 4 apiece, while Marks and Spencer shed a couple of pence 2t 114p, Activity in second-line Stores centred on Harris Queensway which held at 176p, after 1800, on interim profits which electronic local exchanges equip-ment needed for modernisation of its network.

which held at 1760, after 1800, on interim profits which matched most market estimates. Currys, 4080, and Dixons, 3050, hoth firmed 5 awaiting further developments in the bid situa-tion; the latter's chairman pro-duced a builish statement at vesterday's annual meeting. Elsewhere, renewed speculative demand lifted Body Shon 20 to 2850 and Danhill 5 to 1930. Bowthorpe were outstanding in Electricals, soaring to 378p before closing 23 up on the day

Among Overseas Traders Inchcape eased 10 to 385p, after 382p, as the placing of a sizable line of stock proved only pertially successful. Among Leisure issues, Totten-ham Hotspur firmed 3 to 72p following the announcement thet Golds down again

South African Golds los

of 649. A resurgence of demand for Trafelgar Hense positions lifted total contracts struck in Traded Options to 4,684, comprising 3.298 calls and 1,386 puts. Trafalgar recorded 647 calls, 435 of which were done in the October 280's, and 330 puts. Jaguar were also lively with 428 calls transacted.

#### **NEW HIGHS AND** LOWS FOR 1984

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NEW HIGHS (66) (12) THE MALLED (00) (NTL DANK & D'SEAS GOVT SLG ISSUES (1) Metico 16':pc 2008 American Nat. Fiorids Power & Resources Prozoli

STORES (4) Habitat Mothercare Superfrug Stores ELECTRICALS (5) MicroAlm MicroAlm Body Shop Barton

Bowthorpe Smess Lighting Northamber Utd Lea Northamber Utd Leating ENGINEERING (4) Lake & Elliot TACE Motairax FOODS (2) Bejam Fisher (A) INDUSTRIALS (17) European ress Fisons Hanson Trasi Boc Une Ln 2004/09 MCD Group Phillips Patents Rubber Cambrida and General Securi-ties held at 109p and the Capital shares gained a penny to 220p following the proposed rights issue. Financials featured Britansia Arrow which sported Phillios Pate Ryan Inti Smiths Inds Unitever De La Rue INSU Refuge A Britannic Assoc GRE Heath (C, E,) 6 to 73p amid speculetion of a bid approach to major share-holders. Flight Refuelli ALLOC PARE

PAPER (4) Cariton Commu Good Re PROPERTY (3) Berteley Group Warning Mayfair City Props TEXTILES (5) Illingue

Worries over possible down-ward pressures on North Sea oil prices during the fourth Orit Mohair Dewson Inti Nikogworte quarter led to nervous selling of the leading Oils although losses were generally of a modest nature. LASMO were an exception, however, and dipped to 333p before closing a net 10 lower at 338p, followiog vague rumours of an imminent rights issue. Tumours of an imminent rights issue. BP fell away to 496p prior to closing 5 cheeper at 498p, while Shell dropped to 666p hefore ending the day a net 3 off et 870p. Ultramar gave up 5 th 25Sp. Dealers reported enother sizahle two-way business in Irish stocks. Atlantic Resources slipped to 104p in early trading but subsequently rallied to close 2 up on halance at 112p ewaiting an official drilling report from the exploration well drilled on Block 49/10 in the Celtic Sea. Egliaton closed 12 down at 118p. Osceela Hydrocarbons fell 15 to 120p, after 115p and Bula touched a year's low of 14p prior to settling a net 2 off at 15p. Belbaven Brewerv ELECTRICALS (1) Greenwich Cable ENGINGERING (1) Chemring Chemining INDUSTREALS 14) Beauser Clark Dominion Chemical Methods LDH Groc PAPER 11) Beinrose SOUTH AFRICANS (3) Barlow Rand DK Babars Kirsh Trading TRUSTS (1) Akrovd & Smithers (1) Buil Beinrose (1) Buis Resources PLANTATIONS (1) Bertam Hildes

lssue price	TING 1984	Stock	Closing Price Cross Cross Pred Cross
2 1116 187 163 163 165 57 103 174 57 103 174 57 103 174 57 103 174 57 103 174 57 103 174 57 175 175 175 175 175 175 175	F.P.         142         136           IF.P.         83         90           IF.P.         83         90           IF.P.         255         250           F.P.         256         250           F.P.         131         100           F.P.         20         16           F.P.         20         16           F.P.         30         16           F.P.         2410104         78           F.P.         210         46           F.P.         210         16           F.P.         210         16	CAddison Comms. 8p Aspiederen A.E.P. 130 %Brit. Bloodstock. *Checkpoint Europe @Comp. Fin. Bervs.5p Domin'n Int. Nigh Inc. Do. Warrunts. *Extract Wool 30p. F.AC. Pacille InvWrrts %Hoggett Bowars Op Home Countics Hidgs *Ind, Scot. Energy 41 Oklacro 80p. *Phal Michael L'w 5p S& U Stores Warrants Second Market Imv.5p *TradePromotion 10p	144         -5         bg1.4.3.8'1.4.27.3           90
100 < 9	F.P. 104 104 F.P. 12/10 86 78	Wates GityofLon.Prop	109 F3.01 - 5.2 -

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#### FIXED INTEREST STOCKS

lasue dunt price grant	g 1984 Hieh Low	Stock	Closing price £	+ e
199.00 F.P. 10.1 199.57 f.10 221 100 f10 221 99.57 f.10 221 100 f10 221 80.52 f30 - 100 f10 - 99.161 f30 17/1 99.166 f23 16%	1 12 : 812 1 1007: 994 1 11 : 103 1 21 : 103 1 21 : 105 2 1076: 10 5155: 655 2 14 85 3 24: 2855 3 24: 2855 3 2016: 257 1 3054: 26 100 36. 863 100 16. 863 100 16. 10016	" 11% 6.2.66	114 80% 104 19 82 514 82 514 819 32%	

#### "RIGHTS" OFFERS

Issue	a up	Latest Renung.	196	4	6tock	Closing	 + 0
price	Am	date	High	Low		Olei Pri	-
8 155 87 58 600 445 680 150 150 156 146 434,50	NI F.P.	12/11	1012 18pm 14pm 54 650 8 88pm 48pm 123 185 126 88pm	16pm 44 470 8 68pm 47pm 182 177 174	Astra Ind. 10p Avon Rubber £1 LRC Intn'l. Mergitt Op. Paringo Mining Unitst. Reckitt & Colman. '*Renishaw 3p. Securicor Group. Do. 'A' N-V Security Services. TNT ASO.50.	17pm 14pm 48 650 7 82pm 48pm 122 182 182	+ 1 + 7 + -1 + 2 + 2 + 2 + 2 + 2 + 2 + 2 + 2 + -1

Renunciatien dete usuelly jast day for dealing tree of stamp duty. 5 Figures based on prospectus astimates, d Dividend rate paid or payable on part of capital; cover based on dividand en full capital. g Aasumed dividend end yisid, u Forecast dividend cover based on previous years astronge. C Canadaa, F Dividend and yield based on prospectus or other official estimates for 1995. H Dividend and yield based en prospectus or other official estimates for 1995. B Dividend and yield based en prospectus or other official estimates for 1995. B Dividend and yield based en prospectus or other official estimates for 1995. B Dividend and yield based en prospectus or other official estimates for 1995. B Dividend and yield based en prospectus or other official estimates for 1995. B Dividend and yield based en prospectus or other official estimates for 1995. B Dividend and yield based on prospectus or other official estimates for 1995. B Beintroduced, T Issued in connection with reorganisation merger or take-over, M Alleimant latters (er lutiy-paid), III Introductien. M Unisted Securities Market, E Placing prize. T Figures assumed. J Unist comprising one erdinary share and ene option.

ACTIVE STOCKS	Stewart Nairn. A pot was done in Westland. No doubles were
Above average activity was noted in the following stocks yeaterday.	reported.
3tock - prica change Glosing Day's orige change	RISES AND FALLS
Atlantio Resources 112 + 2	TESTERDAT
Sowtherpc	Bises Falls Same
ORG	British Funds 8 87 14
Eglinton Oil end Gas 118 -12 Fisons	Corpne, Dom, Rod Forming Bonds 10 9 59
Gen. Accident	Foreign Bonds 10 9 59 Industrials
Hawkat fiddeley 446 +11	Fin, and Props B1 79 368
Oscepio Hydro 120 -16	Oils
Prudantiel 473 + 6	Plantations 2 4 12
Sears Hidge	Mines
3heli Transport	
Woolweith	Totals
OPTIONS	MONDAY'S
	ACTIVE STOCKS
First Last Last For	ACTIVE STOORS
Deal- Deal- Declara- Settie-	Based on bargains recorded in Stock
ings ings tion ment	Exchange Official List.
Oct 8 Oct 19 Jan 10 Jan 21	No. ol Mon. Day's Stock changes closp change
Oct 22 Nov 2 Jan 24 Feb 4	Stock changes closo change Addison Gms. t 26 149 -
Nov 5 Nev 16 Feb 7 Feb 18	3TG 22 286 -20
	Gigao
For rate indications see end of	Currys 13 403 -14
Share Information Service	Pentland Inda. 13 235 +17
Money was given for the call	2055 11 390 +12 STB 10 493 - 2
of Atlantic Resources, Tuskar,	6TR
Downlebrae. Venterspost.	Beecham 10 367
Bluemel Brothers, Pritchard	3EET
Services, L and J. Hyman, Inter-	SAT Inda 6 265 + 2
City, Commercial Union, Aber-	DRG 6 153 -
foyle, Asia Oil, Birmid Qualcast.	GUS 'A' 6 607 +14

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attracted lets demand and touched 123p before closing p couple of pence to the good at 127p, while similar rises were noted in Dawson International, 235p, and Courtaulds, 133p, in contrast, Robert H. Lowe were marked down 3 to 24p following the departure of chairman and chief executive Mr Tony Cameron.

Lasmo weak

TOTAL VOLUME IN CONTRACTS: 21,667

of its network. Buyers continued to be ettracted to Hawker abead of next Wednesday's interim results and the close was a further 11 higher at 446p, after 452p, Other Engineering leaders were idle and a shade easier at the close. GKN softened 2 to 172p as did TI, to 1900. Else-where, Senlor featured with a rise of 3 to 19p, after 194p, following news of the main-tained interim dividend and first-half profits recovery.

ham Hotspur firmed 3 to 72p following the announcement that the company had heen granted planniog permission for the fourth successive planniog permission for the fourth successive planniog permission for the tradiog day and the sixth time development of a sports and leisure complex adjoining its foothall stadium. Recently-dull moved at around the sixth time foothall stadium. Recently-dull moved at around the S341 an Riley Leisure rallied 4 to 52p, while Horizon Travel, still hoping for s hid from Grand Metropolitan, gained 8 to 188p. Recently-firm Properties lost their sparkle as interest rate optimism faded. Land Securities opened at a 1984 peak of 302p, hut subsequently slipped hack to close a couple of peoce cheaper on balance at 298p. MEPC lost 4 to 318p and Hammerson A eased 5 to 4500. Secondery issues, however, continued to ettrart selective support. Wamford Investments moved up 15 to a restricted market and gained 8 to 116p. Elsewhere, Espley Tust touched 35p before feiling back to close nochanged et 30p; the compacy has received a firm bid approach of 35p per share from Consuit International, a private commany controlled by Mr Ron Sbuck who bas been suspended from his eracutive responsibili-ties with the ET Group pending.

from his executive responsibili-ties with the ET Group pending completion of investigations relating to certain properties in Scpt-land, which were purchased in

Jenuary this year. Messina held at 175p; dealings in the company were resumed on Monday following the announce-ment that South African insurance group Sanlam is offering R22.5m for a controlling interest.

Textiles provided is late feature in John C. Small and Tidmas which spurted to 90p before settling a net 28 dearer at 80p following news of a hid approach. Press comment stimuapproach, Press comment sumu-lated interest in British Mohair, 5 better at 101p, while the interim profits recovery left S. Jerome 3 up at 58p, Coate Patons

Resources Buildings (1) Ibstact Johnsen EHEMICALS (3) Amerikan Inti ICI Bayer AG

### FT-ACTUARIES SHARE INDICES

These Indices are the Joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS	Tu	s Oct	-		Hos Oct 8	Fri Oct 5	Thur Oct	Wed Oct 3	Year agr (approx.)
ures in parentheses show mucher of stocks, per section	index Day No. Claim	S (Max.)	i Vield%	Est. P/E Ratio (Not)	jeden No.	index No.	lades No.	latics: No.	finder Ris.
CAPITAL 00085 (200)	528.69 +8.			12.92	528.35 461.73	528.27	523.98 458,43	523.84 451.68	437.25
Boliding Materials (23) Contracting, Construction (30)	669.70 -0.	2 13.8	5.81	9.08	670.97	644.60	661.47	656.01	698.83
Electricals (13)	1563.91 +0. 1971.27 -0.			12.25	1576-22	1563.04	1546.22	1561.05	1551.02
Mechanical Engineering (61)	262.60 +0.	6 12.33	4.81	9.67	260.06	258.15	256.15	258.17	198.65
Metals and Metal Forming (9)	132.61 -6.			8.54	156.28	257.17	159.26	158.62	155.75
Notors (17)	71172 -	6.87	3.80	15.00	711.59	712.88	706.89	705.21	537.12
CONSUMER GROUP (192)	539.78 -0.			11.45	540.34	537.20	532.65	532.11	430.33
Brewers and Distillers (23)	422.51 +4.		5.35	9.34	419.59	417.22	414.15	413.76	344.26
Food Retailing (12)	1275.57 -8.			18.29	1276.94	1278.24	1247.70	1256.66	998.63 787.88
Health and Household Products (9)	926.95 +0.	7 9.21	5.28	14.84	585.37	589.93	581.95	583.20	573.51
Newspapers, Publishing (23)	1296.38 +8.	5 9.27	4.91	13.98	1289.87	1291.95	1276.42 246.91	1275.04	953.99
Packaging and Paper (14)	252.15 +4.5			14.59	478.68	473.26	473.71	47LA7	395.25
Textiles (39)	282.01 +0.	8 23.49	4.87	8.57	279.75	279.84	278.02	278.11	281.93
Tabaccos (3)	721.65 -0.			639	723.33	719.47	711.44	71172	435.30
THER GROUPS (87)	482.37 +8	5 10.36	4.51	12.02	400.19	479.50	476.70	476.68	386.89
Chemicals (17)	643.66 +0. 141.37 +0.	_		9.25	640.78 140.48	140.58	635.55 140.55	632.00 141.25	957.61 194.61
Office Equipment (4)	863.48 +0.	9.85	5 5.60	12.96	\$59.70	857.49	855.68	859.25	757.93
Alsoettaneous (53)	674.86 +0.			14.87	671.86	670.28	666.71 527.22	668.60	
MENUSTRIAL BREUP (483)	533.37	10.33		7.91		531.43			
015 (17)	561.61 -0.			11.04	542.41		576.10	574.59	
FINANCIAL GROUP (118)	399.08 +8.	1 -	1.52	=	398.62	396.47	374.96	392.65	
Banks (6)	397.57 +Q. 465.83 -	6 21.51	1.27	5.78	395.26	392.38	393.42	389.55	331.04
Discount Houses (6)	519.20 +0.		5.17	=	515.13	513.79	519.64	532 12	447.13
Losurance (Composite) (8)	294.80 +0.		6.29	15.74	292.58	290.86	289.34 831.60	283.28	215.21
Antiparte (Brokers) (6)	261.42 -2		5.16	_	207.28	207.06	267.15	208.31	128.63
Property (54)	608.32 -8.		3.57	25.27	611.95 251.51	607.22 251.81	603.00 250.58	402.08	455.77
Other Finance (17)	252.28 +0. 537.37 -0.		3.53	1000	537.93	536.94	532.84	532.64	431.0
Investment Trusts (205)	281.99 -0.	1 18.54	5.40	12.12	281.64	263.31	243,78	283.86	278.86
Oversets Traders (14)	599.38 -0.			12.54	602.57	604.68	600.95		478.19
ALT-SHARE HIDEX (741)	535.44 -8.	_	4.69 Day's	-	535.43	534.29	530.43	525.79	439.42
	No. Cha	nge High	Low						
T.SE 100 SHARE INDEX	1136.6 -2	1142.	1136.5	-	1139.0	1135.2	1127.5	1122.1	
FIXED INTERI	EST		Aver Rede	ACE GR	OSS YIELDS		Tates Oct 9	Non Oct 8	Yaar ago (approx.)
	Non what	10.00		sh Correct					
NUME I INTO I INTO .	Oct today	1964	1 Low 2 Compo		5 years 5 years		11.19	11.64	9.51
REACTES OCT CHANGE 9	8	to state	2 Compoi		5 years		20.07	18.63	9.82
diab Conceptat			4 Nettu	m i	5 years		11.67	11.62	12.15
years -0.05 11	6.14 -	913	5 Coupor	rs 1 2			10.91	10.94 16.29	10.94
	9.21 6.30	11.65	6 7 High	-	5 years 5 years		11.67	11.64	11.25
	11 -	10.23	8 Caupo		5 years		11.07	11.00	11.12
APL AN AUTOMOUT AND A LOUGH AND AND A LOUGH AND AND AND AND A LOUGH AND	8.73	8.90	9	2	5 years		10.36	10.39	1051
	7.61 0.14	10.30	10 intel	_	5 years		<u>9,93</u> 12,02	12.90	9.75
			11 Debs a 12 Loos		3 years		11.58	11.87	11.91
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first-half profits recovery.

Sears disappoints

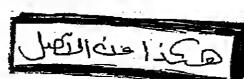
The meagre 2.8 per ceot interim profits increase from Sears disappointed and the close as 4 down at 794p. Elsewhere Miscellaneous industrials, isons rose 8 to 260p on news f U.S. approval to market its pticrom anti-allergy eye treatent drug. Reflecting the return profitability and resumption dividend payments, Prestwich arker jumped 10 to 75p, while hristles International advanced hristies International advanced 4 to 452p in response to the umper interim profits and ccompanying confident remarks hout secood-haif trading. Ryan international gained 21 to 191p n news that Messrs Holson, fackenzie and Palmer bave cquired e substantial stake in a company Baradana Jarget e company. Burndene Invest-ents rose 3 more to 221p reflect-g further consideration of the ellent annual results.

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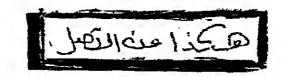
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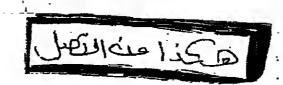
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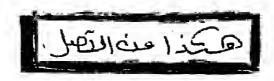
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ACROSS 1 Consider taking some water to Elizabeth (6) 4 Tactful princess has unusual secret (8) 10 Part of the lock which may hold water (7) 11 Ring me during the enter- tainment, one way or another	171         IAccam Units1         Inc.         IG5.4         17.6         IG5.4         17.7         IG5.7	4027 797 See Aliance Food Management Ltd., 60 10 07 07 07 07 00 00 00 00 00 00 00 00 00	Control of the intervention         Control of the intervention         Control of the intervention         Control of the intervention           Intervention         Control of the intervention	under Stand         104 b         204 b         -0.1            under Stand         104 b         204 b         -0.1          Jright            ut Depast Fund         153 9         164 b         40 5          Jright          Jright         Jright          Jright          Jright         Jright          Jright          Jright          Jright         Jright         Jright         Jright         Jright         Jright         Jright         Jright         Jright         Jri	Life Assumance Co. Ltd. one House, 20, Chismell St., ECI. 01-638 1731 ty Montes Co. Ltd. Standards	
<ul> <li>12 After first encounter with rough sea, rest (4)</li> <li>13 Sarah has a male, red-backed, amphibian (10)</li> <li>15 Church vessels in which mikk was kept (6)</li> <li>16 School girl takes in a hand-reared lamb (7)</li> </ul>	19         Minster Fand Managers Ltd.           21         Mester House, Arthur St., ECAR 98H DI- Mester House, Arthur St., ECAR 98H DI- Exemption Splewber 28 House, 200 H           23         Murray Jelenstone U.T. Marth. (a) Houray Jelenstone U.T. Marth. (a) Houray Splex Speed, Glazow, G2 JUH, (a)	1.23         TSB Unit Trasts (b) (c) (y)         No.           00.21         2.23         PO Box 3, Viens, Ive, Andorer, Harto, SP 76 7PG         Hot           00.24         62185         Derings to D204 62432.3         Derings to D204 62432.3         Derings to D204 62432.3           00.84         62185         Derings to D204 62432.3         Derings to D204 62432.3         Derings to D204 62432.3           158         Ammerican         Basis         97 4021 198         Har	MT7	a Pen Overvich	March 1         1/208         1/208         1/208           March 1         1/607         206.9	
20 Leading ladies speak glibly about the record (7)       21         21 One of its passengers will be late (6)       24         24 The bizarre sea-lion act is to get a rapid increase (10)       28         26 It'll take you there and back at eleven (4)       28	20 20 27 27 29 29 29 29 29 29 29 29 20 20 20 20 20 20 20 20 20 20	153 150 Refner 100 4 113 2 -03 0.59 PM To Accum 105 7 115 1 -07 0.59 MA TS0 International 115 7 25 1 -07 0.59 MA 50 5kt Down 50 5 20 7 10 50 5kt Down 50 5 20 7 10 423 200 Do Accum 47 6 45 4 -0 1 2 40 PM 423 200 Do Accum 47 6 45 4 -0 1 2 40 PM 423 30 36 8 Target Fund Mars Ltd 60 10 41 30 36 8 Target Fund Mars Ltd 60 10 40 1 30 36 8 Target Fund Mars Ltd 60 10 40 1 100 F 100 5 40 1 90 10 40 1 100 7 107 10 5 40 1 90 10 40 1 Target Trast Mars Ltd (a) 0 1 90 10 40 1 100 7 100 1 90 1 90 1 90 10 40 1 100 7 100 1 90 1 90 1 90 10 40 1 100 7 100 1 90 1 90 1 90 10 40 1 100 7 100 1 90 1 90 1 90 10 40 1 100 7 100 1 90 1 90 10 40 1 90	bertip Pen Fund _ 117.2 [37.4] Fi bertip Pen Fund _ 111.0 [15.6] Fi Pen Fund Fund Intervent ]114.1 [15.6] Fi Pen Fund Fund Intervent ]115.1 [15.6] Fi Bund Fund Intervent ]115.1 [15.6] Fi Bund Fund Intervent ]15.1 [15.6]	Heads' Provident Life Office         Langh           whan End, Dorling         103061 805055         Langh           whan End, Dorling         103061 805055         Langh           construction         1025         107 %         Langh           construction         1025         107 %         Prob. 6           construction         1025         107 %         Prob. 6           construction         1031         114 27         -01 %           word inflace	America Life Assur. Co. Ltd. am Hac. Holmbrook Dr. NW4 Ol-203 5211 am Hac. Holmbrook Dr. NW4 Ol-203 5211 am Factor Jack State Send A General (Unit Assur.) Ltd. and House, Kingswood, Tathorth, Surrey Burgh Hadi Surse Burgh Hadi Surse Burgh Hadi Surse	1 m m m
<ul> <li>in a re-designed Gents (4-3)</li> <li>29 Hard to catch except when returning about five, that is (7)</li> <li>30 Dealing with tea refinement in town (8)</li> <li>31 In that case the soldiers are a menace (6)</li> <li>7 Hoped to change the surplice (5)</li> <li>8 Tastelessiy showy atlempt to conceal the wild daw (6)</li> <li>9 Bill takes a quarter of an hour rest (5)</li> </ul>	27 Blow fifty on the deposit (4) Grow 74 Fand bbs 2 007 J - Solution to Puzzle No. 5.538 Octavian Unit Trust Mars Ltd gefenchurch 51, EC1M 4BY 01- Special Inst - hs 2 51 k	Other Strate         Pick Apple Strate <t< td=""><td>d American Acc 11415 1443 40 B - Pr d treit Money Acc 11-40 16147 −011 - Pr</td><td>Back        </td><td>1.2001000 10062 17502 441</td><td>, Nr</td></t<>	d American Acc 11415 1443 40 B - Pr d treit Money Acc 11-40 16147 −011 - Pr	Back	1.2001000 10062 17502 441	, Nr
DOWN14 In a very short time, left me one of a number of pay- ments (10)I The coppers have a vermouth brought back in for her (8),14 In a very short time, left me one of a number of pay- ments (10)2 The stupid chap is unable to move his cranium (9)17 One spreads it when ship- ping fish in (9)3 Rising, one's rest unfinished, to find the swimmers (4)19 Reserved fresh case for half- time (8)	WORMAN, Y. A. A. A. A. O. A. C. E. S. C. Anton SJ. Lorout ECAN off       S. C. Z. J. S. S. J. S. S. J. S. S. D. S. S. D. S. S. C. S.	Parka marten 1997 et 2007 et 2007 et 2007 Parka Barten 1997 et 2007 et 2007 Parka Barten 1997 et 2007 et 2007 1996 Et 2007 et 2007 et 2007 et 2007 1996 Et 2007 et 2007 et 2007 et 2007 1996 Et 2007 et 2007 et 2007 1997 et 2007 et 2007 1997	10         10	H Floor B Denominary and EL2 01 201 201 20575 Da Asar Terrin Bandi and Liab I and Liab I and Liab I and Liab I Perioda 2016 of 165 1 and 166 1 a	1 ans thet 4.5 i 44,0 m   40 i μmm   54,0 m   57,55   -0 n   1 μmm   10 n   2 m   1   2 m	• •1• ~
<ul> <li>5 Nice break in which to see 22 Kind of butter I lcave the boy, for example (8) Petunia mixing (6)</li> <li>6 Seize arbitrarily the note the 23 Getting through. all right, in police officer is holding (10) the card game (5)</li> </ul>	LICENELLEDESTATE Automation of 1978	400-ի հեմը ինչեր՝ համար հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ հետ	Heffan Asserance Funds New Steer 11202410 - 11 000 1531 Au	Pares to Artan Loss any	& General Prop. Fd. Mars, Ltd.	



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al Canadi	Die Antomy Sam.         122.7         122.2         66.4         Finiter Ord         172.3         102.4           Pie Antomy Sam.         123.7         124.7         127.8         163.7         144.8           Pie Antomy Sam.         124.7         127.8         454.8         Finiter Ord         155.7         144.8           Pie Antomy Sam.         161.6         126.7         124.8         Finiter Ord         155.7         144.8           Pie Antomy Sam.         161.6         126.7         -0.2         Operate Ensembles         155.7         155.9           Final Internation         164.6         172.3         -0.1         Operate Ensembles         155.9         155.9           Final Internation         164.5         121.0         -0.2         Operate Ensembles         155.9         155.9           Do. Accome	Spandard Life Assurance Company         Optimizion Sept 22-30 10.00142591 110.96% p           2         3 George St, Editiburgh EH2 7XZ.         05F-285 2552         seant D'0.03 1         58.30           4         Managed         226.90         10.01 200         10.00142591 110.96% p           4         Managed         226.91         10.01 200         10.00142591 110.96% p           4         Managed         226.91         -         58.30         -           4         Managed         229.0         74.11         +0.21         -         94.22         -         -         58.30         -         -         58.30         -         -         58.30         -         -         58.30         -         -         58.30         -         -         58.30         -         -         58.30         -         -         58.30         -         -         58.30         -         -         59.23         -         -         -         58.30         -         -         59.24         -         -         -         58.30         -         -         59.24         -         -         -         -         -         -         59.24         -         -         -         -         -	pai         5 Freed in Tst trig	International Sec.         151 Jos 1 Jaq         0 '92         0 30 Units L EC4W 451.         0 2-236 0932           International Boot         150 762         0 773         1994/30         Cah Francesco         10 05         10 90         10 93         40 47 day           Preze be Specetiber 26. Next Statung Decision:         3         7 day Francesco         110 55         10 90         10 93         40 47 day           SUTECH S.A.         Oppendencince Money Management Ltd         0         0 boney Management Ltd         66 Cannon St, EC4W to AE.         0 1-736 1425           SLUTECH NAV.         1 9 96         1 -0 03
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<u>59 è</u> 16 .	Manager         Co.	Stress / 1 have we have process for an international stress / 0 Box 71, St Peser Part, Guernsery 0401265           Proving Farphs         172.8         181.6         +0.2         Techura Communic 745         7 91           Maximum description         172.8         181.6         +0.2         Techura Communic 745         7 91           Maximum description         172.8         181.6         +0.2         Techura Communic 745         7 91           Maximum description         172.8         181.6         +0.2         Techura Communic 745         7 91           Maximum description         172.8         181.6         +0.2         Techura Communic 745         7 91           Maximum description         172.8         181.5         +0.2         Techura Communic 1520 97         22.24           Maximum description         170.7         173.7         9.01         -0.2	Frankfurt Trost Investment - Grabit         Latro in ter IAL-1         Date IAL-	Begesit Fund     Barcarys Prote Account      Barcarys Prote Account      Barcarys Prote Account      Barcarys Prote Account      Barcarys Prote Account      Barcarys Prote Account      Barcarys Prote Account      Barcarys Prote Acco
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1. 16 <sup>75</sup>	Montervision Line Statements     Montervision Mark ECIN 2444     Montervision Mark ECIN 2444     Montervision Mark ECIN 2444     Montervision Mark Ecines	Artigete if & Addam         113 N         119 dt         110 dt	13         Ancoor (m 1 d =, 157 B7         7.68          0.03         0.65         Lionds 7 runs Guing Gotober 11	Traduct is sen so. 10:6.3         17:54         41.03         — Co-operative solution           Nave Sh Det S         B 30.57
. e 1 <sup>24</sup>	Property         206 0	OS 9222         Sum Life Unit Assurance Lul.         Despinations = \$10 and =11, Next wher Nov 5.	C1         Clobal term fin         S12 44         -0.09          Lloyds Bank International, Guernsey           G1         Monay Fail         S12 44         +0.12         0.59          Lloyds Bank International, Guernsey         0.88 2448           Orbs         G1         S10 05         -0.12         0.59         P 0 Bos 136, Guernsey         0.88 2448           Orbs         G1         S10 05         -0.12         0.59         P 0 Bos 136, Guernsey         0.88 2448           OFD         G1         S10 35         +0.12         0.59         P 0 Bos 136, Guernsey         0.81 356           OFD         G1         S10 355         +0.12         0.59         P 0 Bos 136, Guernsey         0.81 356           G1         S10 355         -0.02         2.8         -0.02         2.8         -0.01           G1         S10 355         -0.02         2.8         -0.02         -0.01         Net asset         -0.01           G1         S10 350         -0.02         2.8         -0.02         2.8         -0.01         -0.02         -0.01           G1         S10 310         S1 12         -0.02         4.60         Lloyds, Iarti, Manacy Market Fund Lbd           G1         S10 39<	Starting
1 A 1994	Manager         2004 4         The Second Field         2004 1           Manager         375 5         375 5         100 1         100 0         177 0           Interfer         200 4         100 0         177 0         100 0         177 0           Interfer         300 0         177 0         100 0         127 0         100 0           Interfer         300 0         177 0         100 0         127 0         100 0           Interfer         300 0         177 0         100 0         127 0         100 0           Interfer         300 0         100 0         127 0         100 0         127 0         100 0           Interfer         300 0         100 0	] = U.S. Booms Acc	114     Gartingere Fund Managers Ldn. Agents     Sterling Loss     100 722     1	6 5 South Lett For51 and 1 ****0 - UnturNighting Bank pic L Mauster Litter J 122.5 11.2 + 0.0 17 PO 60.2 Shell-sid. 0747 20999 Ect 0738 hom a long Litter 10. Residenting Cubber 17 * Daily Price: October 10. Residenting Cubber 17 * Daily Save & Prosper/Robert Fleming 5 Scringsour Kemp-See Mingret, Jersey Scringsour Kemp-See Mingret, Jersey 10 point Long St. Hetter, Jersey 10 point Long St. Hetter, Jersey 11 point Long St. Hetter, Jersey 12 point Long
	List Currents         138.0	4 "Sing Life Pensions Management Lini Viernand 3/h 3/b (b) 14/b (b) 14	Austratisti Utor 195 90 5-684 Japan 7 10 11 57 7 5509 70 5-10 H Sneet, an Frither Verolik, Sont 24 2124 Name 7,	Section sime find         [1:3]         0.5         1         7         2         3         Protects Victoria 51, 8mx01 958 48X, 0272           Gut Board         [1:3]         7 <th7< th="">         7         7</th7<>
	Municipal Life 8:summeta Life         Cal was 100 acc	<ul> <li>Press Japan Acc. 2011 (1991) 114 99 490 11 [Jerrar Gui ] 514 27 0 [Jerrar Gui ]</li> <li>Press Las Fassan Acc. 1919 9 497 11</li></ul>	Bit Grin         Bart Spot         (64.0)         Used         Constraints         (44.0) <th< td=""><td>Singer &amp; Friedlander Lin. Ageots. 21 New 31 Subsymptor FC/M 4NF Int 621 4000 of interest create Destands. 20M2/42 (2044), 5-44 Testands. 20M2/42 (2044), 5-44 NOTES Standard Chartered Off Meaner Mile Sund Standard Chartered Off Meaner Mile Sund</td></th<>	Singer & Friedlander Lin. Ageots. 21 New 31 Subsymptor FC/M 4NF Int 621 4000 of interest create Destands. 20M2/42 (2044), 5-44 Testands. 20M2/42 (2044), 5-44 NOTES Standard Chartered Off Meaner Mile Sund Standard Chartered Off Meaner Mile Sund
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### **COMMODITIES AND AGRICULTURE**

# Irish milk quota issue may Sugar go to European Court

#### BY BRENDAN KEENAN IN DUBLIN

THE Irish Government has the latest controversy over the the output going to 8 sub-Britain meanwhile the Agricul-increased milk production sidlary which makes crean ture Ministry is concerned that awarded to Ireland in EEC liqueur too many dairy farmers ore quota negotiations last March. The co-operative's manager seeking special treatment under

34

The EEC allowed Ireland s Tho disputed production 4.64 per cent increase above would be worth an estimated its last year's production after I£12m (£9.8m) a year and Mr tough bargaining in which Dr Austin Desy, the Irish Agricul-The EEC allowed Ireland a Garett FitzGerald, the Irish Prine Minister. staged a Prin e walkout

The problem has arisen because actual support for last year turns out to have been considerably larger than the provisional figures used in the acgoniations.

There are alresdy recriminations in Duhlin over tho scalo of the orror, equivalent to almost 1 per cent of total out-put. Most of it was attributable to the production of a large

EY ANDREW GOWERS

problems for processors and

soyabean oil prices, according

putting upward pressure on further.

to Mr Charles Erickson, cor-porate economist with Cargill, the U.S. commodity trador. As a result processor were looking increasingly to the oil to provide the necessary return and the processing business was

Ho told the American Soya-becoming more and more led by beao Association's Outlook Conference at tho Post Houso According to afficial U.S. esti-

Hotel, Heathrow, yesterday that mates oil now provides 48 per soyabean meal prices, which cent of the revenue from have been under pressure as a crushing soyabeans, compared

co-operative in Co Cavan. The mission dyes not agree to the warned that it will go to the confusion appears to have European Court if necessary in arisen over whether to include bave higher figure. nclude Richard Mooney writes: In

The co-operative's manager The Irish claim that their production for this year should the Agriculture Department or the almost 60,000 tonnes higher the Central Statistics Office, which had been supplied with says the fault lay either with the Agriculture Department or stances.

> Monday to discuss the matter. Mr Dalsager is not willing to accept the higher figure, apparently on the basis that thore was an understanding the March figures would ho final.

Soyabean processors face problems

maize gluton, could weaken

As a result processors were

accept the higher figure, apparently on the basis that thore was an understanding the March figures would ho final. Mr Desy arguod that It is nonsensical to base Ireland's under other the state of the



THE London Sugar Futures market is to extend to trading hours to incorporate officially ture Ministry is concerned that too many dairy-farmers are seeking special treatment under the system which allows bigger hours to incorporate onliching the late afternoon kerk. From November 1 market bours will be 10.30 am to 7 pm, with a lunchhreak between 12.45 pm and 2.30 pm and a mid-after-noon call session at 4.40 pm. quotas to producers whose pro-duction in the 1983 base-year was affected by special circum-

"It is very worrying that some producers are pursuing claims which stand no chance of success," Mr Michvol Jopling, The change will mean kerb business will be confirmed by the International Commodities Clearing House on the same day, instead of being carried over to the following morning. the Agriculture Minister, said yesterday. He noted that only about a quarter of cases taken to the special tribunal resulted in the

It is part of a general move by the London sugar futures market to streamline trading activities in an effort to recap-ture some of the business lost in the past year.

Latest figures from the Inter-national Commodities Clearing House showed that turnsver on the London raw sugar futures market in the first nine months of this year dropped to 500,265

metal) commodity futures mar-The official tobucco monopoly ket in the first nine months of the year, with a cumulative growing, curing or exporting total turnover of 1.084.677 luts Thai tubacco. Indeed, in simply

processors were operating at 56 per cent of capacity. As 9 re-sult thoir margins improved substantially.

### **Former Rhodesians develop** Thailand's tobacco industry

#### BY CHRIS SHERWELL, RECENTLY IN CHIANG MAI

A group of former white Rhodesians is there, too-growers, huyers and blenders why are helping to develop Thailand's tobacco industry. Take the two companies actually involved directly in erowing: Universal Leaf Tabacco of the U.S., through a

Thailand is not widely known for tebacco while Chlang Mai usually conjuret up images of hill tribes, opium warlords and the Kuamintang Army driven from out of China. Tobacco of the U.S., through a group called Thai-Am Tobacco, and Standard Commercial also of the U.S., in the Siam Tobacco Export Corporation (Stee). Each bas a local partner. Thai-Am has a hanking partner, too.

The Thai tobacco industry, has however, existed since tho 1930s, started by British American Tobacco and now dominated by the official Thai Tobacco Monopoly. This year it will take perhaps a third of the 40,000 tonnes of tobacco produced, with the rest owing for export Zimbabwe, commercial farmers own their own land, employ their swn ishour and cure the tohscco they produce in their

tonseco they produce in their own harns. In Thailand, companies like Thai-Am grow seedlings and supply them — together with fortiliser, insecticide, cash advances and advice—to tens of thousands of poasant farmors who often rent their tiny plots of land from absentee landlords. For these formers thearen is tobacco produced, with the rest gving for export. This total is less than in pre-vious years, when it has topped 52,000 tonnes, and is small com-pared to the U.S. or present-day Zimbabwo. About four-fifths of the output

Iots. This compared with 880,673 Iots on the sterling contract and 28,733 lots on the dollar con-tract, in the corresponding period laist yoar. Cocca remained the most besvily traded "soft" (non-is also harvested. The official tobacco is grown, which is also harvested. The official tobacco monopoly is a pot directly involved in For these farmers tobacco is usually their second crop after rice, which is often used to pay rent in kind. Tohacco offors them cash. The two companies huy the barvested leaves which they will cure themselves.

This covers a sizeable frag-ment of the total crop—say 10 per cent of tho total in tho case of Thai-Am. Several hunmanufacturing cigarettes for the home markot it sctually dred Thai curers huy up tho rest. At this point all the foreign-related companies will needs to import tohacco to supplement the local product,

They buy the cured tohacco and start hlending it carefully for customers from Japan, the which is isw-nicotine filler tobacco. The menopoly must also com-nete against smuggled foreign hrands which are freely avail-able on the streets of Bangkok. hrands which are freely avail-able on the streets of Bangkok. Whore, This, say those in the BAT, Philip Morris and industry, is where the monoy Reynolds have each proposed can be made—and this is where a joint venture for the manu- the former Rhodesians play

IT IS not only dusty-edged facture of their brands in their crucial role, rather than streets, colsurful flowers, low Thailand. A decision is awaited. in Improving crop yields. Their presence is a result of which create the unlikely illu- expert of Thai tobacco, how- store of their brands in the growing, curies and which create the unlikely illu- expert of Thai tobacco, how- ever, at least nine companies Mai. Mr Ian Smith's unilateral declaration of Rhodesian inde- pendence in 1965. In provoking economic sanctions it heaped trouble on the local tobacco industry.

Countries including Brazil, South Kores, The Philippines and Thailand all benefited, and and Thailand all henefited, and white Rhodesians dependent on the industry started to leave. A handful of Rhodesian growers came to Thailand in the late 1960s and carly 1970s. In time, huyers and dealers who had decided to go it alone in neutral countries like Switzer-land spread their wings and now do husiness with independ-ent Zimbabwe, Thailand and other countries. They move with the seasons but many have settlod in Chiang Mai. In other countries, like

with the seasons but many have settlod in Chiang Mai. Though they have brought some unkind publicity on thom-selves with their parties and socialising, to the tobacco industry they have hrought finoly-honed skills in blending different concide of Their tohacco

different grades of Thai tobacco and introduced the essential quality control necessary to sttract foreign customers.

said,

sttract foreign customers. The noed for sucb consistency has never been greater. The anti-smoking campaign has hit tobacco consumption in rich countries, while Thailand itself has suffered because the local currency, tho baht, bas moved upwards with the strong dollar just as its major competitors have devalued their currencies. Thailand has drawn some Thailand has drawn some benefit from the general shift in taste to mild cigarettes, and future bopes lie in market growth in Third World coun-tries and especially among women.

aging.

Cigarette-making technolotonnes, bringing the total since the seson started on August 1 to 1,374,921 tonnes. Barley registrations of 6,200 tonnes raised the volume to 631,903 gles, however, are becoming more efficient too, and the goneral outlook is not encour-



**Tin prices** rise again on LME

TIN PRICES rose again on the London Metal Exchange yester-London Metal Exchange yester-day, following further support huying by the huffer stock of the International Tin Council. Standard grade cash tin rose by £140 to £9,650 a tonne. The upward trend was accelorated by speculative buying Interest.

FUNEXCA

alar fit

Meanwhile, sluminium lost further ground, Cash aluminium dropped by £6.5 to £792.5 a tonne, while the three month quotation fell by £9.5 to £813.75.

Another U.S. producer, Con-solidated Aluminium, a sub-sidiary of Alusuisse, anzöunced it was cutting output still further at its New Johnsonville plant in St Louis due to high power costs and deteriorating

power costs and deteriorating primary aluminium prices. SUGAR production in the EEC for 1984-85 was forecast at 12.5m tonnes (whito valuo) in a report published yesterday by S. & W. Beristord, the London brokers. The figure compares with one of 12.19m tonnes (raw valuo), emivalent tonnes (raw valuo), equivalent to about 11.2m tonnes of whites, to about 11.2m tonnes of whites, issued by Woodbouse, Drake and Carey (Sugar), another London brokor, on Monday, • CADBURY TYPHOO raised wholesale tea prices on all trade ordors taken from yesterday due

to recent sharp price rises at world auctions, the company

The move, which follows a similar announcement by Brooke Bond Oxo on Monday, Brooke Bond Oxo on Monday, is expected to lead to retail prices rising from 107p to about 119p for a packet of 80 tea-bags. FEED GRAIN offers for Intervention received by Britain's Home Grown Cereals Anthority reached 2,006,824 tonnes on Monday, Feed wheat offers were 32,000 tonnes bringing the total since

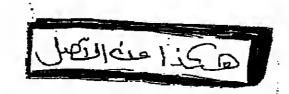
 $\{y_i\}_{i=1}^{N}$ 

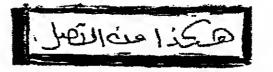
POOR RETURNS from crushing result of depressed demand for with only 30 per cent two years soyabeans are causing severe animal-ford and sharp competi-age. animal-ford and sharp competi-age. Mr Erickson said that be-

ago. Mr Erlckson said that be-tween July and September U.S. against 1,013,076 in the corre-sponding period last year. Turnover on tho coffee futures markot was also up, at 741,001 (422,620) late

per cent of capacity. As 5 re-sult thoir margins improved substantially. "But when an ontire indus-try has been subjected to re-try has been subjected to re-tors that fall short of covering costs for three-and-a-half years, it is novious that many com-panies are on the brink of closing forever," he said, thures markot was also up, at futures markot was also up, at for any of the said. futures futures for any of the said. futures for any of the said. futures futures futures for any of the said. futures futures futures futures for any of the said. futures f

Wolfram22 04/b 584,67 Zino	Voolt <sup>1</sup> ps 645,467p kiloj	Cash1029.6-9 + 7.5 1034.5-5.5 + 6.76 5 months:1052.5 + 8 1047.5-8 + 2.5 Settlem ti 1022 + 7.5	0 months 616.35p +4.60 - 1		C. Czamikow. No.8 'Yest'day's Provious Busicess	Jan March	51.80 -	= =	53.00 64.10	Jan 6,49 March 6,13	6.13	Low Prev 6,30 6,35 5,87 8,93	251.1
Producire	Saak. • Ghana cocce. n Nominal. c Canta per poued.	3 monthat 1052-3 +9 1048.5-9,+8.25	LME - (2.000 oz contract): Cash 584.5p (386.5p); three menthe 500.5p (501.75p), Tureover: 0 (0).	WHEAT BARLEY	Cos- close close dese		10 tonnes, 5 stast Hig 21.98 22.2	th Low	Prev 22.21	May 6,45 July 5,74	6.47 6.75 7.02 7.25	Low Prav 5.20 6.35 5.87 8.93 8.20 6.26 6.49 5.54 5.91 6.81 6.98 7.50 7.50 7.50 8.05 8.05	· · · ·
		Settlem't   1036 + 9,5	Tumover: 50 (90) lots of 10.000 cza. Moming: Large 2nd ring cash 587.5,	Math close - close -	S per toene Deg 144.68 45,00:148.60-47.00 145.90-41.40	March	21.66 21.5	12 21.55 16 21.71	21.86	Sept 7.02 Oct 7.23 Jan 7.63	7.25	6.98 7.04 7.50 7.50	-
LONDON OIL	GAS OIL FUTURES	timded at £1.028.5, 29; thine manths £1.051, 61.5, 52, 51.5, 52.5, 53, 52.5, Cathodea: Cash £1.035, Karb: Higher		Jan _ 110.80 -0.05; 110.75 ; -	Mar	Sant	21.85 21.8 22,40 - 22,40 -		22.10 22.20 22.30			8.05 8.06	
	Osspite some strength is New York, the gas oil merkst failed to open	Gmde: Three meeths £1,051, 50, 49. Afternoon: Higher Gmde: Three monthe	<b>696.97.96</b>	May 117.80 -0.19 116.15 -0.55	Oct 185,20,48,49 167,40 87,58 184,00-92,50 100 183,00-55,50 194,40-58,00 192,00-90,00 Mar	1	" C " 37,00	Olb. cunts/	-	CHICAGO			
JEVI FRICES	higher and weakcred further le line with physicala. Heavy U.S. selling just before the break maved prices quickly	Three months £1.049, Karb: Nisher		Susinass done-Wheet Nov 107.10-	Salas: No 6 2,425 (2,896) lots of 50	Dec March	Close Hig 34.83 24.8 33.98 34.0 33.20 28.2 32.25 32.2 31.15 31.2	th Low 0 33.81	Prev 34.38 33.63	LIVE CATTLE Close Oct 62.57		Low Prev	
( Kinango	to the lows, Trade buying on beth sides at the Atlantic lifted the market in the atternoon, reports Promiser Man.	48.5, 50, 50.5, 50, 49.5, 49, 49.5, Tum- ovar: 34,375 roenes. U.S. Producers:	WEEKLY	8.70, Jan 110.90, 16.45, Mar 114.10-3.90, May 117.30-7.00, July untraded, Sant 97.65 only, Selas: 202 tota of 100	Tote and Lyte delivery price for granulated basis sugar was £206.00	May July	33.20 23.2 32.25 32.2	0 33.81 0 33.20 0 32.50 5 31.75	32.07	Dec 64.12 Feb 64.72	64.25	61.95 62.30 63.50 64.45 64.55 64.95	
CRUCE OIL-FOB IS por barrel)	Month Close Dono	61.00-65.00 cents per poued.	METALS	tonnes. Berley: Nov 107.50-7.25, Jen 111.05-10.95, Mar 114.00-3.65, May un- treded, Sept 90.55 only. Selas: 275 lots	(E209.50) a tonne ler expert. International Sugar Agreement-	Dec	31.15 31.2 30.00 30.0 29.00 -	0 29.50	30.85 29.63 28.63	April 65.72 June 86.57 August 64.45	65.90	65.70 68.67 66.40 66.87	1 AN 1 A 1
Arabian Light	\$ U.S.	1 8.m. 1+ or p.m. + or		of 100 tennse. LONDON GRAINS-Wheat: CWRS	Caribbean porte). Prices for October 6: Osily price 8.82 (4.66); 15-dey suarage	COPPER	25,000lb, cer			Oct 63.10	\$3.70	64.45 64.82 63.10 63.40	
North Sea  Brce11 28,70-28,80-0.05 AlricaniBonnyLi'ht: 28,76-28,60-0.03	Oct	TIN Official - Unofficial -t	All prices as supplied by Metal Bulletin. ANTIMONY: European free market.	shipment Oct 154.00. U.S. Derk North-	4.20 (4.14).	None	Close Nig 55.25 - 55.65 -	th Low	Prev 55.65 56.10	LIVE HOGS 3		Low Prev	Tatan 4
Urale	Incc	Cash	99.5 per cent, \$ per tonhe, in warehoese 2,525-3,600. 215MUTH: Europeen free market, min	153.50, Oac 155.35, Jan 160.25, tmne- shipment East Coast, U.S. No. 2 Soft	INDICES	Dec Jan March	56.30 56.7 56.90 - 58.15 58.6	5 56.10	56.75 57.35 58.60	Oct 44.32 Dec 46.65 Feb 46.90	46.90	43.95 44.22 46.20 46.47 48.40 48.67	autor 1
"cil" (5 per tonne	March	Gash	99.99 per cent, \$ per paund, tonne lots in warnhouse 6.45-6.50.	Jan 142.75. English lasd tob 0r1 115, Jen/March 1140.75. soliem. Barley:	FINANCIAL TIMES	July	59.30 59.5 60.45 -	0 58_20	59.75 60.90	April 46.92 June 48.17 July 50.15	46.35	45.65 45.75	
Premium gasoline 858 268  1 Gas Oil	Turisover: 3,773 (2,496) lots of 100	6 ngnths. 9555-8 + 126 9600-5 + 136 Settism't 9610 + 188 Straits E	CADASUMA: European free market, min 99.95 per cent, 5 cer pound, le werehause, Ingota 1.21-1.28, sticke	south coast. Rest unquoted.	Oct. 8 Oct. 5 M'th ago.Yearago 227,51 296,79! 295,00 286,84	Sept Dec Jan	61.65 62.0 63.35 63.6 63.99 -		52.10 63.50 64.35	August 48.30 Oct 48.40	48.50	48.10 48.25 46.10 46.40	
	16nn66.	Tin - Moming: Standard: Three monthe (9,520, 30, 40, 35, 40, 45,60,	1.22-1.27. COBALT: European free marker, 39.5 per cant, 6 per pound, in ware-	prices, Feed-Berley: S. East 103.50.	(Sese; July 1 1952 - 100) REUTERS		50,0008b, ce	nts/lb		Dec 45.70		46.70 46.85	
		55. 60, 55. High Grade: Cash £9.640. Kerb: Standard: Three months £9.560. 65. Aftemoon: Standard: Three months	MERCURY: Europeen free market, mie	ning Monday October 15 (based en HGCA calculations using five days'	Oct. 9 Oct.8 Mith ago Yearago	Oet	Class Nig 64.71 64.9 64.96 65.0	th Low 9 64,60 10 64,79	Prev 64.80 65.04	Close Dec. 278.4	High 778.6	Low Prev	
<b>GOLD MARKETS</b>	the 191 bills	19,555, 50, 45, 70, 80, 90, 95, 6,600. Karb: Standard: Three months (9,590, 80, 90, 9,600. Turnover, 1,805 tennes.	99.99 per cant. S per flask, in wate- house 308-314. MOLYBDENUM: European free mar-	unchanged.	1889.2 1882.0; 1871.1 1886.9 Sese: September 19 1931 = 100}	March	66.85 66.9 67.97 67.9 68.95 69.0	0 66.85	66.00 68.00 69.05	Dec 278.4 March 283.4 May 287.6 July 289.8 Sept 283.4	283.6 288.6 290.0	282.4 284.6 286.4 268.0 288.6 290.0 263.0 283.4	
Gold fell \$3 so the London bulkion market yesterday, to 3 \$3403-341. The metal opened at 4	In Laxembourg the 121 kilo bar was fixed at the equivalent		ker, drummed molybdur oxide. S per pound Mo, in wereheuse 3.25-3.48. SELENIUM: Europeen Ires marker,	A steady physical market kept	DOW JONES	Oct Dec	69.21 69.3 69.51 69.5	15 69.35	69.00 69.40 70.20	Sept 283,4 Dec 279,2	283.6	277.0 278.4	
\$341]-342, and was fixed at \$341] in the morning and \$341 in the		A.M. It or p.m. It or	min 98.5 per cent, \$ per pound, in warshouse 9.75-10.10. TUNGSTEN ORE: European free mar-	lutures prices firm until late afterneen when light salling left values at or near the lews, moorts CC57 Commodities.	Jones 2 5 Month Year		70.31 -	42.000	70.20	March 286.0 PORK BELLIES		- 206.0	
afternoon. It opened at the day's	\$3403-3411, compared with \$3413- \$342.	LEAD Official - Unofficial -t E B E B	ket, standerd min 65 per cent, 5 per 10nne unit WO,, cil 84-87.	Yesterdays Previous Business Month close - close   done	5pot 1184,54 193.97 188.06 140.27 Fut 1184,84 184,52 127.14 147.15	U.S. get	ons, S/barr	ola	Prev	Close Feb 65.05	High 86.55	Low Prev 64.30 65.32	
a low of \$340}-340}. In Paris the 12} kilo gold bar	LONDON FUTURES	Cash 687.5-8 -1.75 586-7 -2.25 3 months 631.6-2 -5 330.5-1 -5 Settlemt 628 -1.5 - i -	VANADIUM: Europeen Ires merker, min 98 per cent V,C, other sources, S per cound V,O, cli 2.25-2.32		(2ese: December 21 1974 = 100)	Nov Dec	29.52 29.5 29.64 29.6 29.62 29.6	6 29.42	29.37 29.51 29.52	March 64.77 Mary 65.67 July 66.67	46.90	64.05 65.10 65.20 66.82 66.05 66.60	
was fixed at FFr 103,300 per kilo (\$340.75 per ounce) in the after-	Month Yest'days + or Business Done - Done	Lead Meming: Caeb £328; three menths £332, 21.6. Kerb: Three months	Producer list price ler selected matale	Feb 121.30   181.50 121.70-21.50	MOODY'S Oct 8 , Oct 5 With ago iYear ago	Feb March	29.53 29.4 29.50 29.5	5 29.65	29.44	August 64.30 SOYABEANS 5	64.75	63,35 64.40	
(\$341.57) in the morning, and	\$ per troy	E332, 31. Afterneen: Three months E330.5, 29, 30.5, 31. Kerb: Three months E332, 33. Tumever: 9,300	es recorded in Metal Bulletin ALUMINIUM: World: uirgin Ingots	Aug 116.10 115.10 115.50 Oct 116.80 1115.80	952.9 963.7 293.4 1061.5	May	29.40 29.3 29.34 29.2		29.25 29.19	cents/60-15 bus Close	Nich		
FFr 103,000 (\$343.21) Monday afternoon. In Frankfurt the 12; kilo bar	Oct	tonnes. U.S. Spet: 22.00-26.00 cants.	Alcan, min 99.6 per cant, S per tonne, cil Nong Kong and Rotterdam 1,750 AISMUTH: UX: MCP.Peke, 99.39, per	Seles: 57 (315) lots el 60 carcadas 3,250 kg.	(2ses: December 31 1931 = 100)	July	=	=_=	29.18 29.12	Nov 600.4 Jan 611.0 March 624.2	511.4 .	580.0 596.2 604.0 606.4	
was fixed at DM 33,730 per kilo	April	ZINC	cent, 5 per peund, tonne lots, ex- warehoute 5.00. COBALT: Warld, Zeire: Sozacom, S	POTATOES The market remained nerveue, drop-	WOOL FUTURES		0 troy ez. Close Nig 337.0 341.		Prev	May 638.4	643 6	630.2 633.2 535.4 638.0	
DM 33,555 (\$342.98) and closed at \$3401-3401 compared with	Aug	ZINO Official - Unofficial -t	per pound 12.50. NICKE: World, feco, melting grede, S per pound, cif Fer East and America.	ping £1.50 on egening, and agent from amail, ahert-lived rollies, centinued re-	LONDON NEW ZEALAND CROSS- BREDS-Cleas (m order: buyer, seller,	Dec	342.0 346. 346.2 352.	a 337.0 6 340.7 2 347.6	347.2	August 643.4 Sept 636.4 Nov 634.6	635.4	637.4 638.0 630.9 631.0 627.0 630.0	
\$3411 342. 0	unces.	Cash 011.5 -4.5 608.5 9.5 -3.5 5 monthe 604.25.75 2 603.5 -3.5 Settlem 1 211.0 -4.5	delivered rest of world 3.20, URANIUM: Nuexco exchange value.	eases throughout the day. Late short- cevering lifted prices slightly, reports Colsy and Harper.	506: Jan 507, 508, 507: March 517, 516,		354.2 359. 360.6 366. 367.3 372	0 354.0	360.5 367.2 373.9	Jan 548.0		. 643.0	
Oct. 9	Oct. 3	Zinc-HIGH GRADE OFFICIAL/UN	S per pound U.Q. 17.50. VANADIUM: Highveid funtd min 98 per cent V.Q. S per pound V.Q. cil	Month glosa i close Done	516: Mey 520, 524, 522-520; Aug 535, 539, 537; Det 536, 538, 537-536; Oac 538, 540, 539-538; Jan 538, 542, 541-540;	Oct Dec Feb	367.3 372. 374.4 379. 381.5 366. 389.2 390.	6 381.0	381.2 388.7	Ciose Oct 144.5	Nigh 744.5	Low Prev. 143.9 143.5	
Gold Buillon (Ine Close	7(4)   5341 4 341 4 (£970 4 .87834) 7(4)   5548 a .343 (£275 2 .877)	OFFICIAL PRICES: Cash am 680-90, pm 680-50; three months am 653-4, gm 652-5; settlement 690,	2.41. ZINC: GOS producer basis. S per tonne 900.	£ per tonne	Merch 545, 550, nil, Selee: 30. SYDNEY GREASY WOOL-Close (In	April	397.0 - 405.4 -	_	404.6	Dec 156.6 Jan 153.8 March 159.6	168.6	149.6 149.5 152.1 162.9 167.6 158.2	
Morning fixing \$341.25 (£270.67 Afternoon fixing) \$341.00 (£276.22	51   5849.75 (£278.300) 5)   5341.60 (£376.159)	Zinc-Morning: Three months 6604, 4.25, 8 5. High Grace: Three months		Feb 64.50 27.00 66.00-84.50 April 79.00 78.99 73.50 78.20	erder: buyer, seller, busieess). Aus- trelian cents per kg. Oct 560.5, 565.0, 561.0-560.0; Oac 566.2, 568.0, 587.0-	HEATING	414.0 - 01L 42,00 gelions	0 U.S. g	421,9 milions,	May 163.8 July 169.5 August 167.9		161,8 162.2 166.6 166.3 166.6 166.7 .166.0 165.3	
Dold and Platicum Krugmd  \$351-56134 (£2854-2864  K) TaKrug,  \$181-18134 (£1474, 14734)[Vi	n Coine Oct. U leg Sov \$811, 83 (£861, 671, 1 ictoria Sov \$811, 85 (£861, 671, 1)	2654, 55. Karb: Three menths 2506. Aftameen: Three mentha 2504. Karb: Three menthe 2603, 4, 5. Tumevar.	COCOA	Nov	555.5; March 579.0, 581.5, 560.8; Mey 583.5, 585.5, untradad: July 568.6, 590.0, 588.6; Oct 580.0, 567.0, u/t: Dec	L	atost Higi 81.55 61.64	h Low 5 90.55	Prev 81.06	Julý 168.5 August 167.9 Sept. 167.0 Oct. 168.0	. 167.5	166.0 . 165.3 . 167.0 167.0	· • • •
Krugrnd \$351-56134 (£2854-2861 K) iskrug. \$181-18134 (£1474-14) 14 Krug. \$9214-63 (£1474-14) 110 Krug. 4574-76-76541 [Fr 110 Krug. 4574-3514 (£2654-3234-150 Mapieleal 335034-3514 (£2654-6354) New Sov. \$6024-6034 (£2654-6354) is New Sov. \$4644 49 (£654-6354)	rench 80e \$65 551e (£5834-54) 3 Pesos Mex3423-4241e(£344-34514) 30 Contained \$353,335 (£370,8731a)	9,200 rennad. U.S. Prime Wetters: 45.00-45,75 cents per pound.	Prices lelled to hold the staady open- ing levels and during the stranoon	SOYABEAN MEAL	584.6, 595.0, u/L; Merch 590.0, 600.0, u/L Selee: 14.	Dec	82.90 82.9 83.80 83.8 83.20 83.2	0 81.80 S 82.75	82.30 \$3.20	Cipes			
New Sov. \$6014 (26514 0534) 82 Is New Sov. \$4814 49 (26914 3934) No	10 Engles \$490.520 (£398); 423) pbic (Plat.) 6329-3685;(£2675; 2703;)	ALUMINIUM	drifted lawer to class unchanged. Pro- ducers and consumers wars withdrawn, reports Gill and Outfus.	The market epaned 50p-E1 higher in fairly scilve conditions. mports T. G.	COTTON	March	79.70 79.50 77.50 77.50	6 79.00 0 77.30	79.35 77.35	Got 27.21 Dec 25.22 Jan 24.85	High 27.17 25.30 24.85	27.05 27.28 25.06 25.26 24.65 24.77	
		Alumin'n a.m. + or p.m + or Official - Unofficial -t	Yesterday's	Roddick, Ouring the alternoon there was commission house spreading interest between Oacamber and April,	LIVERPOOL-Spet and shipmest sales amounted 121 tonnes. Fair trading		76.00 -		76.40	March 24.43 May 24.23 July 24.01	24,50 24,25 24,10	Low Par 27.06 27.28 25.06 27.28 24.66 24.77 24.35 24.45 24.95 24.25 23.95 24.00 - 23.66 - 23.54	la
EUROPEAN MARK	ETS	3 3 4 8	Done - Done	Yestday's ! + or; Business	developed meetly in American type uaristras. Latie Ameecse growthe moved off steadily se well se Control		loso Nigi 316.3 317.5	h Low		August 23.50 Sept 23.75 Oct 23.33	24.10	23.95 24.00 - 23.92 - 23.66	ني. م
Wheat-(U.S. 5 per tonne): U.S. two	Angentine Plate, mid-Oct/mid-Nov 178, April/June 148 sellers.	6pot	Osc	1	and East Aincen.	Dec Jan	17.9 -		322.9 327.0 336.8	Oct 23.33 Dec 23.17	Ξ.	23.50	
soft red winter. Nov 158, Dec 158.75. Jan 180.75, Fcb 162, March 162.50.	8oyebsaes—(U.S. \$ per tonne): U.S. Ne. two veliew Guilcorts. Oct 240, Nov 237.75, Occ 239 50, Jan 344,25,		May 1862-55 -1.0 1872-1858 July 1859-61 -4.0 1878-1857 Sept 1953-65 -3.5 1870-1861	Dec	MEAT/FISH	July	340.6 342.6	5 340.6	244 7	WHEAT 5.000 b cents/60-fb bus	u min, thef		
pratein, Oct 174.50, Nov 174.75, Oec	eb 247.50. Merch 250.50. Aoril 253.	20. 20.5. 20, 19, 16.5, 20, Kerb: Three months (820, 21, Alternoon: Three months (821, 20, 20, 19, 5, 19, 19, 19, 19, 19, 19, 19, 19, 19, 19	Nar	Apr	MEAT COMMISSION — Average fat- etock prices at mpresentatue merkets. GB—Cattis 53.89p per kg lw (-0.08).	Jae :	59.1 -		363.2	Ciges Dec 343.0	349.6	Low Prev 347.4 348.6 355.4 356.4	
April /Mey 180, U.S. nerthern epring 15 per cent prolein, Oct 183.25, Neu 15 per cent prolein, Oct 183.25, Neu	66.50, Neu/March 168 gellers, Poliets (	menthe £821, 20.5, 20, 19.5, 19, 19, 18.6, 18, 17, 15, 16, 15 5, 18, Karb; Three menthe £815, 18, 19.5, Turnouer,	Seles: 2,999 (3,701) lots of 16 tonnes. ICCO indicator prices (U.S. cente	August	GB-Sheep 155.46p ger kg sat dow (+7.881. OB-Pige 32.14p per kg lw	Oct	lcee Nig! 12.0 710.0	h Low	Prev 1	March 357.6 May 365.4 July 341.4	355.4	354.2 355.6	
07.30. 0.3 mile hard allos of data 0c1 187. Nev 187.50, mid-Nev/mid-Osc 190, April/May 200, Canadaan one a	Brozil, afleet 174, Oct 177, Nov 191, Dec 184, Jan 168 sellera. Pelleta Argantina, aflest 167, Oct 166, Neu 166.		per pound). Oelly price for Oct 9: 101.86 (102.60): five-day average for Oct 10: 101.71 (161.54).	Sales: 20 (411) lots of 20 tennes, 150 (312) lots of 100 tennes.	(+0.86). Sm(ITHFIELO—Pence per gound. Seef: Scottlub killed eides 77.0 to 83.0; Uleter	Nov Dec	717.2 — 723.6 736.6 730.1 735.0	5 718.0	735.2 741.5 748.3	luly 341.4 Sept 346.4 Dec 359.0	347.0	340.2 341.2 345.4 345.4 — 357.0	
Neu 209, Nov/Oec 209.	PARIS. Oct 6.	Nickel - Moming: Three meeths		RUBBER	hindquarters 90.0 to 92.6, lerequarters	March. May	43.7 765.6 57.5 770.9	5 739.0 5 755.9	762.2	SPOT PRICE	cants par	paund. Neve	
yellow, affect of Ghent 152, Oct 1, 135,50, Nov 135, Occ 135,50, Jan/ A	568. Mar 1700/1703, May 1745/1763, } Aug 1805/1812, Oct 1863/1870, Sec	masthe £3,935, 30, 35, Afternoon- Three	Auting another slow angles ushes	antend unchanged thereard tells	ende 125.0 to 130.0. Lamb: English emeil 68.0 to 74.6, medium 68.6 to 72.6, heavy 63.0 to 66.0; Scotlish moduum	Sept	771.5 785.0 786.6 900.6 311.0 826.6	5 782.0	791.0	ronk 1 n 540.0.	-61.0 (537	7.0-52.0) cante Haiman silver enta per 1007 .	
March 137.50, April/June 139 ecilers. 1	902/1935.		light voluma, raperts Orasef Burnham	quiet and ossier. ro" te Lewis eed			16.3 -		840.1	oonce.		allen ficht tenft i	
										•			





**CURRENCIES, MONEY and CAPITAL MARKETS** 

### FOREIGN EXCHANGES

## Dollar firm in quiet trade

The dollar was firmer on the foreign exchanges yesterday, but trading was generally quiet. New York desients returned from the long holiday weekend as buyers of the dollar was also the dollar was discussed for the market discussed for the dollar will compare to and hopes of an stand the same time the dollar sales by the discussed for the market discussed for the market discussed for the dollar will compare the dollar will compare to and hopes of an stand trading is within a market discussed for the market discussed for the dollar sales by the discussed for the dollar discussed for the dolla

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the dollar's index rose to 142.4

the dollar's mack rose to 122.2 from 141.8. STERLING — Trading range against the dollar in 1964 in 1.4905 to 1.2215. September average 1.2593. Exchange rate inder 76.3 against 80.1 six months

age. Sterling weakened slightly on its exchange rate index as a result of losing ground to the

Day's preed

Oct 3

U.S. Cenada Netbind Beigium Denmark Iteland

Iteland W. Ger. Portugal Spain freiy Norway Frencs Sweden Japan Austria Switz

POUND SPOT-FORWARD AGAINST PO

One month

Close

 sprewd
 Close
 One month

 1.2265-1.2390
 1.2275-1.2285
 0.03-0.08c dia

 1.6200-1.6270
 1.2275-1.2285
 0.03-0.08c dia

 1.6200-1.6270
 1.6275-1.2285
 0.16-0.28c dia

 4.25-4.22%
 4.26%-4.27%
 1%-1%c pm

 76.30-76.70
 76.50-76.50
 1c pm-5 dia

 1.2182-1.2252
 1.2220-1.2220
 0.10-0.28p dia

 2.76%-3.50
 3.72%-3.79%
 1%-1%pr pm

 1.364-13.72%
 13.71%-13.72%
 %-1%pr dia

 2.76%-3.50
 3.72%-3.79%
 1%-1%pr dia

 3.76%-3.50
 3.72%-3.79%
 1%-1%pr dia

 1.78%-71.225
 1.2220-1.2220
 0.10-0.28p dia

 3.76%-3.50
 3.72%-3.79%
 1%-1%pr dia

 1.78%-71.27%
 1.50-217.10
 20-110 dia

 2384-2344%
 2335-2377
 11-13%re dia

 10.867-10.83%
 10.32%-70.32%
 2%-3%ora dis

 11.58%-71.62%
 1.52%-71.22%
 1.22%-1.23%

 3034-305%
 20.68-265.53
 6%-7%ora dis

 3.03%-305%
 20.68-265.53
 6%-7%ora dia

Belgian rate la for convertible france. Financial franc 2 Siz-month (orward dollar 0.54-0.69c dis. 12-month 1.5

vene at the Frankfurt fixing as DM \$8.670, the D-mark declined against the dollar. The German central STERLING I bank has not intervened since

Ecu central rates e quiret Ecu Detober 8 % change adjusted for Divergence divergence limit % Sentral ster Balgisn Franc Panish Krone German D-Mark Francis Franc Dutch Guilder Irish Punt Irish Punt +0.83 -0.56 -0.18 -0.20 -0.11 -0.52 -1.34 +0.83 -0.56 -0.18 -0.20 -0.11 -0.52 -1.34 ±1.5447 ±1.6425 ±1.0642 ±1.4052 ±1.4052 ±1.4054 ±1.4054 ±1.6639 ±1.4.1505 44.9000 45.2733 8.14104 2.24184 6.87466 2.52596 0.72569 1403.49 2.23779 8.88096 2.52312 0.721945

Changes are for Ecu, therefore positive change denotes a week i unrancy. Ad ustment calculated by Financial Times

Oct. 9 Rrev. close £ Spot 1 month 0.044,0.06 dis 0.042,0.06 dis 1 months 0.270.30 dis 0.270.30 dis 0.270.30 dis 1.58-1.68 dis 1.58-1.68 dis

the U.S. dollar. xunts apply

0.06c dis -0.44 0.23-0.27ds 0.07c pm 1.42 0.45-0.30pt	
0.15c dis -1.14 0.24-0.25di 1.41c pm 4.54 4.15-4.13pr re pm 0.10 10-7pm 1.42pl pm 5.64 4.11-4.05pr 1.42pl pm 5.64 4.11-4.05pr 125c dis -21.33 4.50-1250di 5c dis -4.71 135-170dis 1me dis -8.52 23-24dia 2.20ore dis -2.64 4.05-4.55di 0.46c dis -0.38 1.00-1.30dis 2.05ore dis -2.49 3.95-4.45dis 1.07y pm 5.29 3.11-3.06pr 7.00gro pm 4.06 2.0-58-18 50	-0.8 -0.8 0.4 
2.1.7.1	05ore dia -2.49 3.95-4.45da 07y pm 5.29 3.11-3.06cm

CURRENCY MOVEMENTS CURRENCY RATES

**OTHER CURRENCIES** 

	and the second se				apecial Europea
Oct. 9	2		ank of Morgan	Oct. 9 rate	Rights Unit
	Note Rates		Index Changes	Stering	3,804066 0,59139
Argentina Peso., 118,69 118,74 96,13 98,22 A Australia Dollar, 1,4770-1,4795 1,1990-1,1995 g	ustria	Sterling	70.813.7	U.S. S	2.996938 0.78880
8razii Cruzeiro. 2,955,85-2,974,24, 2,395-2,407	Denmark 18.57.13.71	Canadian dollar	90.9 1 -34	Austria Sch. 44	81.9950 15.7376
Finland Markka 7,8369-7,8543   6,3680-6,3640   Greek Drachma   164,70-100.10   125,75-126.05   0	rance 11.54-11.65	Austrian schilling.	111.1 +8.6	Beigian Fr 11 Danish Kr 7	01.4081 45.9723
Hong Kong Dollari 9.6325-9.6425, 7.8230-7.8860 h	Sermany 3.701-3.801	Belgian france	700 -64	0'mark 41	3,03235 2,23778
Tan Rist	anan 304-307	Deutsche mark	180.7 +5.9	Guilder	3.41859 2.02312
KuwaitDinar(KD)0.36880-0.37925-0.30086-0.30016 x Lintembourg Fr.1. 78.50-75.50   - 52.20-52.30 M	lorway 10.84-10.95			French Fr 91g	8.89889 0.86096
Majayriz Dollar, 9.9735-8.9585 2,4150-2,4250 P	Portugel 194-293	French franc	63.C -15.0	Yon ONOTWER Kr. 8	945.483 180.197 8.76680 6.46647
New Zealand 117, 2.5275-2.5325 (2.0510-8.0540 S Saudi Arab. Riyal 4.3875-4.3925 (3.5600-3.5610 S	medan 10.65.10.73	Yen		Scanish Pta. 1s	169.958 175.318
Singapore Dollar, 2.6670-2.6730 2.1665-2.1680 S	witzerland 8.10-5,18			Swedish Kr. 8	N/A 0,36529
3th African Rand 2.1169-2.1245 1.7110-1.7168 UU.A.E. Dirtam	united States 1,284-1,944	Morgan Guaranty C		Swiss Fr 4 Greek Drole 204	2.00326 1.84402
Onet Differing 104004.001010,0780-0,0130 1	Line Town	1980-1962-100, 8ank		Irish Punt. 1234	
Selling rate,		(base everage 1975-1		"CS/SDR 1=10 for	October 8: N/A.

#### EXCHANGE CROSS RATES

Oct, B	Pound St'rting	U.S. Dollar	Deuteche m'	ki J'penese Yen	FrenchFrane	Owine Franc	Dutch Guild	Italian Lina	Ganada Dollar	Belgian Prano
Pound Storling U.S. Dollar	0.514	1.828	3,790	303.8 847,7	11.69 2,470	8,180 8,543	4.273 8.476	2337.	1,691 1,320	76,55 62,95
Deutschemaric Japanese Yen 1,000 -	0.964	0.384 4.043	18,48	80,15 	3.065	0,623 10,97	1.197	010.5 7693,	0.428 0.837	20.90 258.0
French Franc 10* Swiss Franc	0.861	1.067	1.810	261.5 .97.36	10. 8.724	2.680 1.	8.678 1.369	2011. 748,8	1.395	65.89 84,54
Dutch Guilder Itelian Lina 1,000	0.234 0.482	0.287	0.897	71,09 130,0	8,719 4,972	0,730 1,835	1.829	545.S 1000,	0.379 0.694	17.98 38.75
Canadian Dollar Belgian Franc 100	0.017	0.758	2,358	187.4 596.8	7.167 16.18	1.985	9,636 5,681	1441.	8.118	47.92

**GET YOUR CURRENCY RIGHT** Art Galleries A point of the Source of the Sundary and other barbon and the Source of WITH FOREXTREND LEFEVRE GALLERY, 30. Briton SI., WI 01-493 1572. PAINTINGS. WATER COLOURS AND DEAWINGS BY NEE WAYMOUTN. 4th October 3rd Novembor Mon.Fri. 10-5, 381. 10-12.30. Forextrend is the Successful new computer oackage which visually demonstrates and projects larging exchange trends. Designed and proven by leading currency men-gens tor the ISM PC or XT and compatibles at under £1000. Auto-matic updeting option by Prestel. Desails from: Derails from FOREXLA (UK) LTD 46 Liberston St. Landon SW10 Tel: 07-351 0350 EVE has outlived the others nolicy of fair piny and val supper from 19-8.30 am n 10-1.30 am Olec Glamoroua Roctesses 183, Regent SL 01-**Company** Notices EUROPEAN FERRIES PLC B.A.T. INTERNATIONAL FINANCE LIMITED (B.A.T. International With reforence to the modified Scheme of Arrangement which Bocamic eles-tion on 3rd August, 7084; the under-shares of European Farries Fortp OLC ("EFG") encour Farries Group OLC ("EFG") encour where otherwise instructed by CDR holders. Finance PLC) 100.000.000 FOENCN PRANCS 74% GUARANTEED BONDS 1007 At the request of the Trubtes, we bortby elve notice the the nominal inform of FF S.000.000 has been purchased on the market for redemp-tion due November 75, 1984 Amount outstanding, FF 51,090 Apen-The Principul K RECUTOANK S.A. Luzembourgeobs Lintembourg. As treat 15th Oclober, 1948 one tew CDR Excount Firries Group PLC representing 160 preferance theres of Cl Cach Orm. CD. NO. 1 Acce. and cand, cp. Sp. 7 S.C.S. and Salon will be grainlocary unlishes at Kas-Amberdam equilate delivery of one old COR Iuropean Ferrics PLC representing 100 ordinary phene of 25p west cam. Loxembourg, October 9, 1984, 
 Tim points of 100 k1
 High Low Prev

 Dac 88.73 88.75 88.58 88.59
 March 28.43 88.48 98.30 88.51

 March 28.43 88.48 98.30 88.51
 Ser 87.59

 June 88.15 88.16 88.05 88.01
 Ser 7.29

 Dec 87.59
 87.72

 Dec 87.59
 87.73

 Dec 87.59
 87.73

 Dec 87.59
 87.73

 Dec 87.59
 87.45

 Fravious day's open int. 10.722 (10.730)
 1

 THRES-MONTH STERLING
 2250,000 peims of 100'/dt

 Ciase High Low Prev
 High Low Prev
 LEUMI INTERNATIONAL 
 Close
 Nigh
 Low
 Prev

 Dec
 68-04
 68-06
 57-20
 57-21

 March
 57-13
 57-03

 Est.
 Volume 1,045
 (449)

 Previous day's open int. 1,020
 (1,021)
 LISTED MILLION GUADANTEED FLOATING RATE NOTES 1987 SKRIES ''8' e Interest fate applicable to the above ites to respect of the three monta how commercing the ph October 1084 The interest a mounted of VISSO to be interest a mounted of the street of a mounted of the street of the optical of the optical of the street of the optical of the optical of the street of the optical of the optical of the street of the optical of the optical of the street of the optical of the optical of the optical of the street of the optical of the optical of the optical of the street of the optical of the optical of the optical of the street of the optical of the optical of the optical of the street of the optical of the optical of the optical of the street of the optical of the op COR holders who qualify for the existing fare concessions on Townsend Thoresen Car ferries are reminded that bey will continue to do nd for book-ings on sailings up to 31st January. AMSTEROAM DEPOSITARY COMPANY N.V. U.S. TREASURY BONDS (CBT) 8% Amsterdam, 1st October, 1984. 1065; Latust 68-02 67-17 87-02 68-21 66-31 65-31 Low 57-251 57-251 57-251 56-25 56-250 Prev 67-22 67-04 66-21 85-08 85-28 85-15 85-05 Nigh 68-09 67-22 67-25 66-24 66-12 86-12 86-12 86-12 86-12 NO. 1 Dec March June Sept Dec March June Sept Dec March June THE ROYAL BANK OF CANADA U.S. S100.000.000 FLOATING RATE OEDENTURES OUE 1907 In accordinace with the terms and condi-tions of the Debendrate, the Interest rate to the Debendrate, the Interest rate to the terms and the Debendrate to the On 9th Aeril, 1985 Interest of U.S.S.207.01 per U.S.SS.000 pormisal amount of the Departures and Interest of U.S.S.2070.14 per U.S.SS.000 pormisal amount of the Debantures will be dise for asymetric. U.S. 5250.000 800 FLOATING RATE NOTES DUE 199 haccordney with the provisions of otto, notice is narrow given that the Interest for the parkod from 9th O r. 1984 to 9th April, 1985 has b rd at 12 per cent per propum. 64-36 64-20 84-15 20-YEAR 12% NOTIONAL GILT E50,000 32nds of 100% U.8. TREASURY BILLS (IMBA) S1m points of 100% Cicas filph Low Prov 106-13 107-18 106-12 107-18 105-29 - - 107-02 105-18 - - 105-21 106-21 - - 108-06 SWISS BANK CORPORATION INTERNATIONAL LIMITED Deference Apent Lotest 89,58 89,58 89,58 89,58 89,58 89,11 58,55 88,64 88,42 55,22 Prev 89.88 89.55 89.25 88.98 88.77 88.49 88.49 88.29 88.11 Nigh 90.03 88.74 89.44 89.15 88.88 68.64 68.42 68.42 68.22 Low 89.95 89.65 89.35 89.08 88.82 Dec March June Sept Dec March June Sept ESC. VOIUME 3,818 (1,652) Provisus day's open int. 2,829 (2,478) Basis quots (clean cash price of 134% Treasury 2003 less equivalent price of near fatures contract) 06 to 14 (32nds) Ξ STERUNG 225,000 5 per E CERT. DEPOSIT (IMM) Ciose High Low Prev Dec 1.2220 1.2347 1.2320 1.2383 March 1.2352 1.2384 1.2562 1.2480 Juna 1.2410 — 1.2461 Est. Volume 847 (1.942) Previous day's open int. 5,808 (6.824) Sim points of 100% Latent High 89.12 89.13 88.64 89.88 88.54 88.57 Low 89.01 89.79 88.52 28.99 81.70 88.41 Dec March June DEUTSCHE MARKS REE-MONTH Der 125,000 prise Linit 61m points of 100% Latast Kiph Low Prev 58,72 58,75 58,51 55,59 58,44 58,49 55,33 55,29 58,13 59,18 59,04 57,29 57,55 57,99 67,84 57,20 57,55 57,59 57,34 57,24 57,35 57,35 57,34 57,22 57,11 57,11 57,11 57,102 Dec March June Sept Dec March Juno 0.59132 0.788604 0.961438 A DEI CA SWISS FRANCS SWET 125,000 \$ per Bafr Close High Dec 0.3981 0.3991 June Est. Volume 3 (nil) Previous day's open too Low Prev 0.3979 0.4021 Ξ 0.4458 STERLING (IMM) Sa por E

of Interes to bit April, 1985 has been Red at 12 per cent per normal. U.S.S.S.G.K.T. April, U.S.B. Context of U.S.S.S.G.K.T. April, U.S.B. Context of U.S.S.S.S.C.C. Context of the context amount of the Norts will be Guo against Interest Coupon No 8 INTERNATIONAL LIMITED INTERNATIONAL LIMITED Restaurants IF FOOD BE THE MUSIC OF LOVE. . VILLA DEI CESARI is Romonce VILLA DEI CESARI is the Finest Cuisine VILLA DEL CESAR( Luxurious Splendour VILLA DEI CESARI is London's Finest Riverside Restaurant Full Air Condition Sip a cocktail on the terrace as the waters of the Thames flow lazily by. Dioe by candlolight Donce through the early bours to the music of our famous Italian Quintet. Relax in olegance and comfort. Reserve a night to remember. AVAILABLE FOR PRIVATE PARTIES Open nightly, Tuesday - Sunday, 8.30 pm - 2.30 pm Please nois: For elegance and comfort, it is edvisable for gentiemen to wear a jacket

35

Clubs

LEUMI TRUST COMPANY OF NEW YORK Principal Pavint Agent

MALAYSIA

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 9 Steril	U.S. Dollar	Dollar	Outon Oulidsr	Swise Franc	D-mark	French	Italian Lira	Conv.	Fin.	Yan	Denisit Krone
Short term 11- 7 days notice 10:3- Month 10:3- 1	0 10 10 10 10 10 10 10 10 10 10 10 10 10	1276-1274	04-64 04-64 66-666	168-17 16-17 61-51 61-51 014-51 014-51	514 054 014 554 514 054 514 054 514 054 514 054 514 054 514 054 515 518 15	1114-114 114-117 1214-124 1912-124	101e 1815 1034-1634 1075-1646 1614-1634 1639-1015 1014-1056	$\begin{array}{c} 103_{4}-111_{4}\\ 101_{6}-11\\ 101_{7}-11\\ 101_{7}-11\\ 101_{7}-11\\ 101_{7}-11\\ 103_{4}-111_{4} \end{array}$	1075.111 1075.111 1074.11 1054.11 1054.11 1054.11 1054.11	01 0 1 0 1 0 1 0 1 0 0 1 0 0 1 0 0 1 0 0 1 0	1034-114 1135-1156 1078-1136 114-1136 1135-1178 1159-1218

Asies \$ (closing rates in Singepore): Short-term 10<sup>2</sup><sub>34</sub>-10<sup>3</sup><sub>36</sub> per cent: seven days 10<sup>23</sup><sub>36</sub>-10<sup>33</sup><sub>36</sub> per cent: one-month 10<sup>2</sup><sub>7</sub>-11 per cent: three months 11<sup>1</sup><sub>4</sub>-11<sup>3</sup><sub>5</sub> per cent: six months 11<sup>2</sup><sub>2</sub>-12<sup>3</sup><sub>4</sub> per cent: 10<sup>2</sup><sub>34</sub>-12<sup>3</sup><sub>36</sub> per cent: Cong-term Eurodollars: two years 12<sup>3</sup><sub>2</sub>-12<sup>3</sup><sub>4</sub> per cent: three years 12<sup>3</sup><sub>2</sub>-12<sup>3</sup><sub>16</sub> per cent: four years 12<sup>3</sup><sub>2</sub>-13<sup>3</sup><sub>16</sub> per cent: four years 12<sup>3</sup><sub>16</sub> per cent

### MONEY MARKETS

### UK rates firm on poor money supply

12; per cent end 9 per cent before finishing at 10 per cent. The Bank of England forecast a shortage of around 2550m with factors afferting the market including maturing assistance and a take-up of Treasury bills togother draining £221m and the togother draining 2221m and the unwinding of previous sale and repurchase agreements a further 2358m. In addition, banks brought forward balances £60m below target. On the other hand there was a fall in the note circulation of 555m and Bacharar 1705 of £55m and Exchequer trans-actions added £10m.

### FT LONDON

INTERBANK FIXING LONDON INTERBANK FIXING (11.00 s.m. October 9) 3 months U.S. dollars offer 11 44 bid 11 1/4 6 months U.S. dollars

bid 11 1/2 | offer 11 5/8

The fixing, rates are the stithmatic ing fixing rates are the stimmete means, rounded to the nestest one sinteenin, of the bid and addenid rates. for store equived by the misries for store reterence bunks at 11 am each working day. The books are National Wegnelmaster Beek, Bank of Tokyo, Detracter Bank, Bangos Nistonale de Petis and Morgan Gaarooty Trust,

1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 -1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 -

**Discount Houses Deposit and Bill Rates** 

UIX LAUCS L	nm on p	UV4			J 5	wh.h	J			Ł
UK interest rates were marked firmer yesterday in response to yesterday'o money supply figures. These showed a larger than expected rise. Hopes of encour- aging figures to coincide with the Conservative Party con- ference had led to expectations of an early cut in clearing bank base rates. While yesterday's set- back may not have altered under- lying sentiment, it has certainly revised the timetable. Three-month interbank money was unchanged at 103-103 per cent but rose in after-bours	To belp alleviate the s the Bank offered an earl of assistance which co purchases of £101m of a sale and repurchas unwinding on October 22 per cent. The forecast w revised to a shortage of £600m before taking account the early help a further assistance in the ing of £204m. MONEY RATES	y round mprised bills on e basis e basis e t 10 <del>1</del> around <i>into</i> nd gave e morn-	£26m of band 2 (1 cent and days) at 1 (64-91 day eligible b cent. 1 ( a repurchas £233m of Addition	eligible 15-33 day f2m in 104 per co ys) it bo bank bill lso arrau e agro bills at nal help	purchases bank bills 3) at 10 band 3 (3 ent. In ban ought £3m is at 10 aged sale coments 10 per c was given £101m. 7	in ella per to 4-63 £69 ad 4 In of loca per cen and rep on of ent, resa in tan	prised po pble bank 14 days) a m in band band 3 i al sutharit t. It also urchase a bills at ale on Oct a came t al of £571p	bills in bi t 101 per 2 ot 101 t bought y bills at arranged greemonts 101 per ober 22. I o £105m,	and 1 (up ceot and por cent. flom of t 10; per sale and on flom cent, for ate assis-	
trading to 101-101 per cent. Three-month eligible back bills	Oct. 9	Frankfurt	Parie	Zurich	Amst'dem	Tokyo	Miten	arussele	Dublin	1
were hid at 10%-10} per cent up from 93 per cent. Overnight interbank money traded between	Overnight One months Two months Three months	6.75-5.90 0.75-5.90 5.96-8.10	114 11+11+ 11+11+ 11+11+ 11+11+	14-14 45:45: 51:-01:	054-814 019-614 6-4-6-14	6.15625 6.81875 6.34370	17.173 1078-174 1718-172	1034-11	184-181 1855-1271 1273-131 -13-134	
UK clearing banks' hase lend- ing rate 104 per cent (since August 20).	Six monins	6.00-6,10	1114-114	=	089-619 5%	Ξ	<u>i</u> <u>=</u>	1034-11	154-131	ľ

LONDON MONEY RATES

-	Oct. 9 1984	Sterling Certificate of deposil	Interbank	Local Authority deposits	Company Deposita	Market Deposits	Treasury (Suy)	Treasury ISe(I)	Eligibio Bank (Suy)	Eligible Sank (Sell)	Fine Trade (Buy)
970 0 This	emight ays notice ays or ays notice e months months months e months o year	10+ 10- 10+ 10- 105 10+ 105 10+ 105 10+ 105 10- 104 10-	e 1912 	101e-11 1034 1034 1058 1058 1058 1058 1058	1118-1114 1116-1114 1054-1078 1059 1059	10-10 <sup>3</sup> 4  10 <sup>3</sup> 6-10 <sup>1</sup> 2 10 <sup>5</sup> 6 10 2 <sup>7</sup> 8  	1039 104 979	111 1005 111	1012 1014 1014 1014	10분 10분 10 9월-9禄	

	Local Auth. negotiable bonds	Local Authority 9 sposits	Finance House Deposits	S Cert of Deposits	SDR Linked Seposits	ECU Linked Peposits
One month	1116-1078	-	10#	10,4 18,9	92-92	9+2-10
Two months	111-10%		1056	19.9 11.0	24 25	94.10
Three months		_	10.	11.9 11.1	264 2TH	9-2-101
Six months		_	10.0	11.25-11.85	912.101	10 10
Nine months		_	105	11.5-11.5	-	_
One year	107-1064	·	1056	11.3 11.7	20-4-20 4	101-10
TWO YOR SHALL		1034	- 1	-		
Three years		11				i —
		114		- 1		_
Four years		114	I — 1			

 ECGO Fixed Rats Export Finance Schemo IV: Average Rate of Interest period
 Inter month
 10.07

 September 5 to October 2 1964 (inclusive): 10.904 per cent Local authorities and

 Base Rate (oublished by the Finance Heuses Association): 11 per cent Irom
 One year
 10.13

 Cotober 1 1964, London and Scattlish Clouring Sank Rates for aums at eaven days' notice 72-72 per cent.
 Treasury Bonds
 1001-2

 Treasury Blis: Avorage tender tates of discount 9.7343 per cent, Conflictors of the spont (Since 0): Deposit 100,000 and ever held under one month 100 per cent serving year
 1001-2
 1001-2

 Teasury Blis: Avorage tender tates of serving three-six months 10% per cent; three-six months 10% per cent; 1000 to per cent
 1001-2
 1001-2

 Teasury Blis: Avorage tender tates of cent; Under T100.000 to per cent; aix-nne
 Four year
 1001-2

 Teasury Blis: Avorage tender tates of cent; Under T100.000 to per cent; aix-nne
 Four year
 1001-2

 Teasury Blis: Avorage tender tates of cent; Under T100.000 to per cent; Seven year
 1001-2
 1001-2

 Teasury Blis: Avorage tender tates of cent; Under T100.000 to per cent; Seven year
 1001-2
 1001-2

 Teasury Blis: Avorage tender tates for cent; Under T100.000 to per cent; Seven year
 1001-2
 1001-2

 Teasury Blis: Avorage tender tates for cent; Under T100.000 to per cent; Seven year
 1001-2

#### MONEY RATES

ed sits	NEW YORK (Lunchtims)	
lõ	Prime rate	12-125
LO1	Broker loan mite	11-12
0,-	Fed funds	
	Fed funde at intervention	
0.	rea junge . Intervention	10-2
	Treasury Sills	
	One month	10.00
	Twa month	10.05
	Three month	
eriod	Sin month	
and	One year	
Irom	Treasury Bonds	

з,

### London clearing banks' balances

Prev 1.2385 1.2425 1.2480 1.2530 1.2580

Prov 87-19 66-29 88-10 65-24 65-07

84-11

Letast filph Low 1.2330 1.2170 1.2329 1.2360 1.2405 1.2329 1.2470 1.2470 1.2400 1.2510 1.2470 1.2480

67-19 67-27 67-19 64-29 87-03 66-29 65-15 65-16 65-15

Ξ

Ξ

GNMA (CBT) 0% \$100,000 \$2nds of 100%

Ξ

Deo March June Sept Dec

Dec March Sept Jum Dec March June

### as at September 19 1984

Int. 436 (438)

Low Prev - 0.4055 - 0.4323

JAPANESE YEN Y12.5m \$ per Y100

Close 0.4077

FT-SE 100 INDEX

June Est, Volume 203 (274) Previous day's open in

High

Close High Law Prev Dec 113.00 113.90 112.80 113.30 March 113.00 113.20 113.00 113.30 Sume 103.50

ous day's open int. 710 (689)

Close right \_\_\_\_\_ 0.4088 March \_\_\_\_\_\_ 0.4088 June \_\_\_\_\_\_ 0.4323 Est. Volume nG (nii) Previous day's open int. 133 (133)

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1		Tista1		Cha	000	60		OUT	Total			in ge ron th	
AGGREGATE BALANCES		tending			ionti		Bills:	£m	£m		тш		£m
LIABILITIES Sterling deposits:	£m	£m		£m		£m	Treasury bills	38 1,629		+	204		
UK monelary sector	18,492 57,284		+	243			Special deposits with Bank of		1,667	-		+	205
UK poblic sector	1,235		1	59 108			Eogland		-				
Overseas residents Certificates of deposit	6,848	93,452	÷.	839	_	158	Investments: British Government stocks Other	2,734 4,917		+	49		
of which: Sight		31,060 62,402			Ξ	61 97	Advances:		6,751	-		+	49
Foreign currency deposits:				-			UK private sector	61,267		-	457		
UK monelary sector	18,920		+	268 483			UK public sector	313 4,609		-	15		
Oversess residents	46,052		÷1	,155			Overseas residents manifest		66,188	_		-	448
Certificates of deposit	6,571	76.542	+	801	<u>بد</u> ا	2,171	Other sterling asseis"		9,799			-	44
					_	_	Foreign currencies Market loans:						
Total deposits		170,004 22,129				2,013 632	UK monetary sector	20,466 784		‡	573 32		
TOTAL LIABILITIES		191,133			+:	2,635	Other	31,622	52,871	+	449	+1	1,055
							Bills		157			+	2
ASSETS							Advances: UK privale sector	5.619		+	263		
Storling Cash and balances with Bank of							UK public sector	911		÷	75		
England		1,429			+	101	Overseas residents	17,294	23,824	+)	L,136	-1-3	L.475
Market loans: Discount bouses	3,757		+	549			Other foreign currency assets*		4,515				168
Other UK monetary sector UK monetary sector CD's	15,430 2,328		Ξ	229 71			TOTAL ASSETS		191,133			+2	2,635
Local authorities	937 1,479		Ξ	9 167			Acceptances		3.559			+	300
Affel	2,213	23,932	_	204	+	73	Eligible liabilities		69,416			÷	699

\* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS	TO	TAL	BARC	LAYS Change	LLO	DS Change	MIDL		NATIC WESTMI		WILLI/ GLY	N'S
OF BANKS' BALANCES	Out- standing	90	Out-	anonth	Out- standing	month	Out- standing	ne dinem	Out- standing	on	Out- standing	Change on mộnth
LIABILITIES	£m	£m	£m.	£m.	£m	£m	£m	£m	£m	£m	£m	£m
Total deposits	170,004	+2,013	46,331	+1,246	31,070	+340	31,936		55,853	+ 534	4,764	+141
ASSETS												
Cash and halances with Bank of England	1,429	+ 101	482	+ 55	214	- 6	237	+ 1	451	+ 53	45	- 2
Market loans:												
UK monetary sector	\$9,654	+ 893	11,601	+ 224	4,134	+187	4,461	+ 56	17,758	+ 203	1,100	+223
Other	37,149	+ 235	9,567	+ 617	8,597	+244	7,215	-707	10,679	+203	991	- 121
Bills	1,824	+ 207	732	+ 75	500	- 36	290	+ 88	266	+ 61	36	+ 19
Brillsh Government slocks	2,734	+ 49	684	+ 16	667	-	598	+ 21	699	+ 12	86	
Advances		+ 1,026	24,795	+ 171	17,371	+344	17.925	+250	27,283	+230	2,638	+ 31

#### TABLE 3

INDIVIDUAL GROUPS OF BANKS'

<b>3</b>			© Finan	cial Times Wednesday October 10 1984	
1	INTERN	ATIONAL	CAPITAL MARK	ETS	
An invitation to the world of	FT INTERNATIONAL BOI	ND SERVICE	Sweden Kaugdon 5% 84	Dai-Lobi Kangyo SV: 90	
Ermenegildo Zegna	The list shows the 200 latest international bond issues for which an following are closing prices for October 9. <b>1.5. DOLLAR Change on</b> Web Differ day week Yield World Back 11 <sup>26</sup> 83 Alexia Neuring 11 <sup>36</sup> 84	: 07	Assunge price charge On day -014 on weak -014           Charge we           ''         Charge we           YEK STRANSISTS         baced 64 00% or day weak Yinh Acan Der Bk 74 94	Net West-Trap. 5 83	,
Legna	Bank billion         Income         Bill         Differ         day         Yead         World         Bank 113% 83           Alssina Hessing 113% 84         100         937% 937% 0         -97% 72.93         World         Bank 113% 81           Alssina Hessing 113% 84         100         1973% 1073% +0% -1% 12.59         Insuda Tstiffic 12% 94           American Swings 12 68         125         798% 277         0         +97% 12.59         Insuda Tstiffic 12% 94           American Swings 12 68         125         798% 277         0         +97% 12.59         Insuda Tstiffic 12% 94           American Swings 12 68         125         798% 277         0         +97% 12.59         Insuda Tstiffic 12% 94           Bank of Tokys 13% 61         100         1637% 123% +07% +07% 12.59         Bank 13% 61         American 100           CMLCA 13% 61         100         162% 122% 0         +07% 13.16         STTBALBITS           Calibase Mat Tube 13% 87         100         162% 122% 0         +07% 13.16         American 7% 25           Canadia fon 12% 00         12% 93% 100         +67% 107% 13.16         American 7% 25         93% 100 +67% 14% 15% 13.16         American 7% 25           Canadiationin 13% 01         100         162% 102 +67% 14% +07% 13.18         American 7% 25         93% 100	arice clazage Do day + 8% co week + 9% Change co Issand Eid Other Cay week Yield 4	World Same 7 94	CONVENTINUE         Same         Care         Care	
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at Beale & Inman	Statuli 12 85         103         104         1074	100         +100%         102%         +10%         6         5.73           4.         100         +101         101%         -1%         -1%         5.5%           9.         .55         135%         89         +0%         6.0%         8.0%           4.         100         +101         101%         -1%         -0%         8.0%           9.         .55         135%         89         +0%         -0%         8.0%           4.         .00         +165%         00%         8         +6%         5.53           4.         .00         +165%         102%         102%         -0%         4.0%         5.53           9.         .100         +165%         102%         102%         -0%         +8%         5.52	Banckeys         D/S         two         5         2004         BVg         2014         2014         10.0           Belgham         5         2004         0.1%         2014         1004%         11/4         1304         13.1           B.F.C.E. SV4         90         0.1%         904%         904%         904%         11/2         11.2         12.5           B.F.G.F. SV4         90         0.1%         904%         904%         904%         11/2         11.2         12.2           B.F.G.F. SV4         90         0.1%         904%         904%         11/2         11.2         12.5		
131 New Bond Street, London W1. 8th-13th October 1984.	EUROBONDS	OVER-THE-CO	OUNTER		
In the elegant surrounds of this spacious Bond Street Shop we invite you to a personal viewing of our new Autumn/ Winter fully co-ordinated collection of formal and informal clothes and accessories. Sig. Giuliano Angeli will be in attendance to offer Individual advice in the art of sophisticated dressing.	Merrill Lynch buys entire \$200m	Sinck         Sales         High Low Last Daug (Hnds)           Continued from Page 28           HungTg         98         54, 45, 54, 41, 13         19	Stack         Sales (Hinds)         High Low Last Drag (Hinds)         Stack         Stack	Mes         High Low Last Chang         Stands         Sales         High Low Last Chang (Hinds)           15         200-20         SonSL         1468         164, 154, 169         +12           161         5-41, 47, 154         SanSSL         265, 87, 97         2         65, 87, 97         1468         164, 154, 159         +12           161         5-41, 47, 159         SanSSL         2         65, 85, 95, 97         2         65, 85, 95, 97         2         65, 85, 95, 95           163         374, 31, 144         144, 14         Sanstrans         204         2         15, 2         15, 2           164, 144, 144, 144, 144, 144, 144, 144,	
As an introduction to the world of Ermenegildo Zegna we are delighted to offer you the opportunity of experiencing our internationally renowned made-to-measure tailoring service under the supervision of the Master Tailor Sig. Ralph Anania during the latter half of the week. But the world of Ermenegildo Zegna is much more.	Exxon notes issue BY MAGGIE URRY IN LONDON MERRILL LYNCH surprised the	Hantpile         26         87         6         6           Hantpile         A80         12         371,4         311,4         31         -14           Hantpile         A80         61         64,5         55,5         -14           Hytomic         124         13         172,9         124,1           Hytomic         124         13         127,9         124,1           HytosA1         36         64,3         34,6         54,4           Hytoskit         66         9         55,8         64,4           Hytoskit         66         9         55,8         64,4           Hytoskit         64         9         55,8         64,4	Micrib 945 43 4 4 -Ja Outrior 58 Micribit 19 105 105 105 +Ja Duantim Micriby 05 114 84 65 65 Duantim Micriby 05 114 84 65 25 55 -T4 Outribit	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	
Come and discover is yourself. Ermenegildo Zegna at Beale & Inman Tel: 01-629 4723	Eurodollar bond market vesterday by buying the full \$200m 20-year zero coupon notes auctioned by Ex- xon Capital Corporation. The win- ning bid was at a price of 11.056 to give a yield to maturity of 11.64 per cent. The redemption value will be	LC         16         9         9         9           UKS Int         24         163         36         355, 335, +1,           IFL Sy         18         25, 25, 35, 35, +1,         137, 12         +1,           ISC         306         172, 113, 12         +1,         13, 12         +1,           Inc.         22, 31, 35, 35, 35, 35, 35, 35, 35, 35, 35, 35	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	
© Ermenegildo Zegna	51.809bn - the largest corporate has a six-year life. The yield will b zero coupon bond yet. The yield is around 90 basis, points below the yield on the 20- year U.S. Treasury bonds Exxon has a six-year life. The yield will b % per cent over the six-month inter bank offered rate for Swiss francs currently 5% per cent but with a minimum 3% per cent coupon. The pro-	B         Intrin         32         25½         25½         25½         25½         25½         15½         17         7         -16           Intracta         570         11½         11         11½         11         11½         11         11½         11         11½         -14	Microsci         Dist         Dist <thdist< th="">         Dist         Dist</thdist<>	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	
	yield difference. Traders were relieved that the is- sue had not been sold at an even lower price, although some lower bids were thought to have been made. Merrill Lynch could have re- fused to take only a part of the is-	inCapE 10 54 54 54 +4	Monolit         568         16         154, 154, 154, 164, 154, 154, 154, 154, 154, 154, 154, 15	0 1735 1236 1232	
	sue, although Exxon had provided for pinimum amounts of \$10m to be sold. Until that news appeared at 5pm, the Eurodollar bond market had been quiet. Prices were about ¼ point better as the New York bond	S InMadai 125 74 5% 7 IRS 7-1 1 3-16 1 16-1 -16 IT Corp 21 17 16% 17 +4 Indiana 46 31 31 31 31	Myterin is         306         24%         24%         24%         Phodes is 20         5           N-N         Hotem         Hotem         Hotem         5           NCA Cp         8         712         7         -12         Hwall         00           NM45         12         34         34         34         Roadis is         1           NRTF         80         66         21         21         21         Robers         1         7           NRTF         1.90         66         21         21         21         Robers         1         7         7         10         Robers         1         7         7         10	34 111, 113, 113, −4, 114nCty 40 2 13, 2 +4. 1 36 363, 38   U−U 29 164 155 16 −4, U−U	Amst
DAKS Simpson	market returned after the holiday weekend in cheerful nood. One issue appeared a convertible for Nippon Seiko. Lead-managed by Nomura Interactional the S70m is. Fi 100m issue Lead manager Alee	1 11	Internation         34         54         55         52         74         RoyPim         24           NMacron         367         45         45         45         -1         RoyPim         24           NMacron         367         45         45         -1         RoyPim         24           Notech         27         47         37         32         RustPart         44           NatrShy         48         47         48         47         47         37         32         RustPart         44           NatrShy         48         47         46         47         47         37         32         1         NatrShy         48         57 <td><math display="block"> \begin{array}{cccccccccccccccccccccccccccccccccccc</math></td> <td></td>	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	

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### One look tells you it's DAKS

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DAKS pure new wool 2-piece suit, £145. Simpson Piccadilly is the home of DAKS, with the largest collection of DAKS clothes anywhere in the world.

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exciting new catalogues. Contact our Customer Service Department for details – at 203 Piccadilly, London W1A 2AS. Telephone (01) 734 2002 Ext 81,

Open daily 9.00 am to 5.30 pm, Thursdays 9.00 om to 7.00 pm.

market returned after the holiday weekend in cheerful nood. The World Bank has taken advantage of the recent strength of the Euroguilder market to make a Fi 100m issue. Lead manager Alge-mene Bank Nederland priced the five-year bonds with a 7% per cent One issue appeared a convertible for Nippon Seiko. Lead-managed by Nomura International, the \$70m issue has a 15-year life. The coupon is indicated at 3% per cent and the conversion premium is expected to coupon and a par issue price. be around 5 per cent. Like other re-

cent Japanese convertibles, the isrose yesterday on Italian Treasury certificates offered by the Bank of Italy in an open market operation, and the issue ended undersubsue was well received and was bid at the par issue price. Total fees are

Other issues are rumoured to be launched today, including a float-ing-rate note for Crèdit Foncier, convertible into a fixed-rate French scribed. franc bond during its first year.

2% per cent.

week.

In the Swiss franc market, SBC cent. launched a floating-rate note for Atlas Copco, the Swedish hydraulic machinery group. It is the first FRN in the Swiss franc foreign bond market since April.

The issue raises SwFr 75.5m and

### West 'must promote new loans to LDCs'

### BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT IN LONDON

WESTERN governments must play much more difficult in future, be an increasing role in ensuring a said. We really are going to need flow of new loans to debt-ridden de-the help of governments and their veloping countries. Mr Eric Whittle, agencies. veloping countries, Mr Eric Whittle, chief executive of Lloyds Bank In-

ternational, said in London this His remarks to a conference or-

ganised by Business Research In-ternational come at a time when the International Monetary Fund and some leading central banks are said.

privately indicating their desire to adopt a lower profile in promoting fresh loans for countries that have been forced to reschedule their debts.

Mr Whittle said, however, that order to let the market forces governments are needed not only to work."

work." Governments also had a role to play in reducing trade protection-ism and in making sure that their approach to bank regulatory issues was sufficiently flexible. The rigid standards applied by the U.S. had led to a mistaken decision to lend lend fresh money to these countries but also to persuade commercial banks to do the same. Otherwise some smaller lenders might drop out of the process.

"We do not want a situation where a smaller and smaller part of the banking world is having to take a larger and larger part of the asmoney to Argentina in the spring simply to prevent U.S. banks from having to declare their Argentine sets", he said.

This problem was going to be loans as "non-performing."

68987474875176873787873474 11 16 245 155 155 155 155 155 155 155 24 Internet InCarS IntCin Karne IntCin IntCin IntCin IntCin IntCin IntCorp IntCorp IntCorp IntCorp IntCorp IntCorp IntCorp IntCorp Moseley MotOb Motod Mytsa s 75,1715,192 1715,192 1716,192 1717,193 1716,192 1717,193 1716,192 1717,193 .20 .60 The D-Mark bond market has reacted to its recent run and prices fell by 4 point. Monday's issue for NCA Cp NMS NBnTex 80 NBnte 8 7-1 Kaufhof continues to do well, with the bond-and-warrant package quoted around 106%, up around 2% 20 JBRest Jackpot JackLie JackLie JackLie Jerko Jerko Jerko Jonel A Jonel A Josphan Justin e ร์ จรี่พี่สาย ไม่สุดสิตชี้ 1 \*\*\*\*\*\* .12 .30a 1 1 n .50 a' .20a Reuter adds from Rome: Yields KLA s KV Pre Karnen s .56 Karchr .60b Kayden Keyden Keyden Kydent 80 Kydent 80 Kydent 80 Konder 5 Koss Kory .06 Knagr s .25 Kalota .08 The maximum acceptance rate rose to 16 per cent from the previ-ous 15.2 per cent, with an average 15.59 per cent rate against 15.04 per cent. Applications for the L500bn (\$282.7m) of paper on offer totalled only L425bn. The certificates, mat-uring in January 1997, were priced at 101.5 upwards and are for repur-chase at their October 26 value. OCG Tc Outshill Costorial LDBmk LJN LSI Log LSI Log LSI Log LSI Log LSI Log Larger S Larger .03e 2.32 1.20 .50 1.73 .60 agencies." In a generally optimistic apprais-al of the debt of developing coun-tries, Mr Whittle said he rejected utterly the arguments of those who were looking for a "global solution." The present case-by-case approach was clearly producing results, he could MCI MIN MTSI S MISS S Machie Nachie Nachie Nachie Machie M ÷., -4 2 It was, however, necessary to ob-tain the right blend of intervention by the three key players - the Inter-national Monetary Fund, commer-cial banks and governments - "in \*\* \*\*\*\*\*\* 2.20

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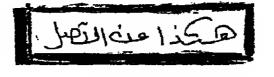
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# **SECTION IV** FINANCIAL TIMES SURVEY

Sri Lanka

Renewed attempts are being made to solve Sri Lanka's ethnic problems and secure the stability needed for economic growth. High tea prices are underpinning the economy in the immediate future and major development schemes, including the giant Mahaweli hydro project, are coming into use.

## **Diverted** from targets

SRI LANKA'S seven-year-old bid to establish itself as a inflation rate is falling. But thriving free market economy under the leadership of President Junius Jayewardene suffered its most serious. high rate of public spending. thriving free market economy under the leadership of President Junius Jayewardene suffered its most serious setback a year ago when the island was engulied in ethnic violence between the majority Sinhalese com-munity and the minority Tamils. The Government's wish to reverse Sri Lanka's post-

independence history and turn the island into a Southeast Asian style of open western-orientated economy has been thwarted, at least temporarily. The country has slipped back into the politics and communal clashes of south Asia, its geographical home, where India predominates.

"Development will be a closed chapter if; we don't curb By John Elliott terrorism - certainly it is South Asia Correspondent practically a closed chapter in the north already — and this spreads to other parts of the country when there are riots," says Mr. Jayewardene, 78 last month and still physically fit in spite of the setbacks of the But sharp increases in tea But sharp increases in tea prices have more than compast year.

Even though cuts have been made, the proportion of spend-ing allocated to defence has risen sharply. An increase from

2.5bn Sri Lankan rupees (£80m) to 3bn rupees is expected in next month's annual budget. The potential for rapid development remains, however. Sri Lanka is still a potentially attractive location for agricul-tural and industrial investment,

and for tourism. . But it has been diverted from its targets. Virtually everyone seems preoccupied with the seems preoccupied with the progress of peace talks, clashes involving Tamil extremists (who have been setting the pace in the crisis), troops and civilians. There is also a per-ceived threat of invasion from India.

past year. But Mr Jayewardene denies that the extremists' violence has been an economic setback apart from tourism, which the Gov-ernment believes is picking up again. Tourism slumped during the past year by 20 to 30 per cent and foreign confidence has been International Monetary Fund island needed foreign exchange

Chiles Negot

Athulathmudali, a 47-year-old lawyer who has risen to the top of the Government this year as Minister of National Security and Defence, and spokesman on

the peace talks. in the north, Mr Athukathmudali has successfully pursued a policy of containing the violence in the north, to minimise the risk of a repeat of the Sinhalese backlash in the south which happened last year. But there is a threat of increased attacks by extremists on troops within the next couple of months.

Killed, the soldners g, this or that has There is also a growing a up. Some of the feeling among moderate Tamils rive and concern has in the north and east that their owards curbing claim for a degree of devolved says Mr Laith government must be met by

the end of the year. Otherwis there will be growing support for the demands for Eelam —an independent state—made by the extremists whose violence is already gaining mass support

Even though the island covers only 25,000 sq miles-less than Ireland-the practical need for some devolution of the central powers wielded in Colombo is widely accepted. But the politically acceptable

started meeting nearly 10 halese, is successfully pushing months ago. But he is facing protectionist policies. stiff opposition from both the U.S. companies have suffered

left (Tamil activists who want more devolved powers) and from the right (Buddhist monks reflecting extreme Sinhalese which wants to curb the Tamils).

Buddhism plays an important role in the life and self-consciousness of Sri Lanka, which is recognised in some other Buddhist countries like Thailand and Burma as a

converts.

#### Debate

There is a debate in the country about whether Presi-dent Jayewardene would rather be remembered for holding Minister. back the Tamils and confirming Sri Lanka as a somewhat inward-looking Buddhist island, or for leading the people into a settlement of the Tamil issue and the open free-market economy he started aiming for in 1977.

He does not accept the dis-tinction between these two options, and says the opening options, and says the optiming. up of the economy is continuing. But significantly, he stresses that Sri Lanka is a "socialist republic" and he makes a virtue in.

adding: "We haven't de-nationalised anything." Whether these are astute political points of emphasis I rather tham a change of policy is not clear. The president has to accommodate strong and to afcommodate strong and within his army, which is play-ing a big role in internal law Mr R. Premadasa. his Prime

protectionist policies. U.S. companies have suffered at the hands of Mr Mathew's approach and there is some disilbusionment in the U.S. about the direction of Sri Lanka's industrial policies. One large U.S. company in the island, Union Carbide, is being

biland, Union Carbite, is being told to cut its electric battery production so that a local com-pany can sell more of its own products. Other foreign invest-ments have also been hit. Thailand and Burma as a means have also been int. leader of the austere Theravada interpretation of the Buddha'a teachings. About 70 per cent of the 15m population are Bud-dhists-almost all the Sinhalese race-whereas the minority Tamil group (12.6 per cent) in-cludes Hindus and Christian couter the state of the problems of neighbouring south Asian countries, especially India. expanding south-east Asian economy, but smacks more of the problems of neighbouring

Sri Lanka's foreign policy is dominated as never before by its relationship with India. It has had no option but to accept the attempts at mediation on behalf of the Tamils offered by Mrs Indira Gandhi, Indian Prime Economy Foreign ald Industry

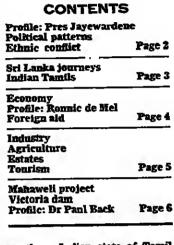
India is specially sensitive about the presence of interna-tional powers in Sri Lanka, which is a strategically impor-tant island in the Indian Ocean, with a dean water reveal with a deep water naval port at Trincomalee. Neither the U.S. nor the USSR seems to

want to control Trincomalee but both are preoccupied with the fear that the other might move Sri Lanka has employed Israeli intelligence experts to train security personnel and that has strained relations with

ing a big role in internal law initia magne invade the island, and order. Mr R. Premadasa, his Prime from alleged genocide or to Minister, is reputed to be establish an Eelam state. Mrs among those least willing to Gandhi denies this. But she is . hard to find. President Jayewardene is Minister, is reputed to be establish an Eclam state. Mrs Tamils Much depends on the among those least willing to Gandhi denies this. But she is strength and consistency of sals as draft laws on November settle with the Tamils. Mr Cyril being pushed into open support leadership shown by President to a resumed session of the Mathew, the Industry Minister, for the Tamils because she Jayewardene in the coming round table conference that also regarded as an arch Sin- wants to win votes in the months.

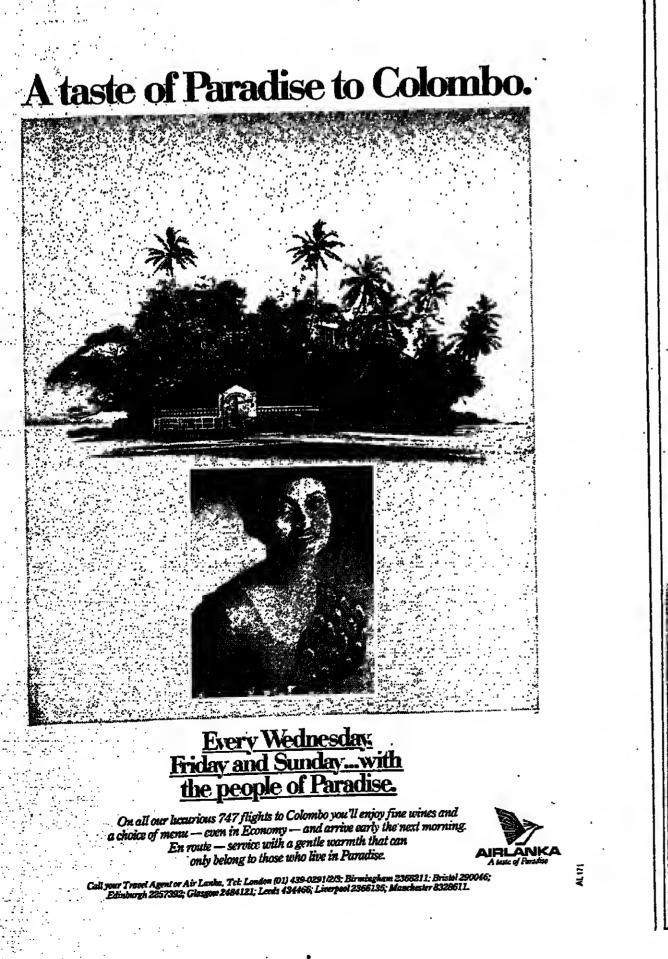


Ι



southern Indian state of Tamil Nadu in her coming general

election. If any settlement is to be made to stick with the Tamils, it is widely agreed that India



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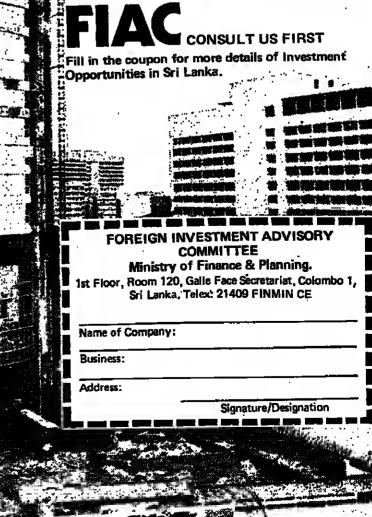
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- DEXION

President Junius Jayewardene talked to John Elliott about juggling the conflicting interests within his island community

# **Rebuilding** a broken dream

PRESIDENT Junius Jayewardene seems to have partially recovered from the shock struck by last year's riots to his dream of building a new Sri Lankan economy. Aged 78 last month, he has adjusted his overall policies to try to assuage the worries of his island's majority Sinhalese community.

Community. He is trying to intro-duce a form of regional devolu-tion that will satisfy the Tamil minority community without up-setting the Sinhalese majority and right-wing Buddhist priests, and without giving Mrs S. Ban-daranaike, his political oppo-nent and former prime minis-ler, a platform from which to bid for power. His term as president lasts

Sinhalese and opponent of an open economy, and is trying to cmb foreign industrial in-

"Cyril Mathew is right. He has been saying: "Protect our industries." Quite right. I say the same thing because imports eat into our industrial establishments. So we agree with him but say there must be com-petition."

Too fast 🐳

Mr Jayewardene denies that his views on protectionism have changed. But to local observers his words sound very different from remarks such as "Let the robber barons come," which he is reported to have said about thyself '." foreign investment in the late

1970s. If may be, however, that It may be, however, that there is more a change of emphasis than basic policy. Possibly the events of the past year, which started with Sinhalese mobs burning hun-dreds of Tamil businesses as well as homes, made him realise that he cannot move too fast. couple of centuries ago, Sri Lanka was regularly invaded by Tamils from South India. The current unrest has reawakened history repeating itself. That fear may seem remote to out-siders, but it is real enough to many of the 15m people on this small island to provoke. Mr Jayewardene. too fast. Sinhalese businessmen, re-

puted to be less adventurous as I told the Commonwealth than the Tamils, want to be leaders' conference in New protected from international Delhi last November-we will competition at home. And they never be conquered. cannot be ignored.

cannot be ignored. During the past year, Mr can kill 15m people with an Jayewardene has also had to atom homb. You can take our accept the dominant presence of territory. But you will not Sri Lanka's large and powerful take our minds and our bearts, neighbour, India, and of Mrs So if I am well and strong and Indira Gandhi, its Prime Sri Lanka is invaded by any-Minister, He says he is "very body, I will lesd the movement fond" of Mrs Gandhi and is that will bring back freedom "very friendiy." Her attempt at again, non-violently."



Sri Lanka 2

President Junius Jayewardene

mediation on the Tamil issue bas been "very helpful," though he will not say he welcomed it. "I just accepted it " gam.

parliament.

great heritage will not do foolish things," he says. Is be sure? "I'm sure-and if she does she'll regret it."

To calls from some civil, rights workers and politicians in southern India for Mrs Gandhi to invade and save the Tamils from alleged genocide, he retorts: "She should invade her

own country to stop genocide there-genocide in Hyderabad, in Punjab and in Assam,

For about 2,000 years until a couple of centuries ago, Sri Lanka was regularly invaded by

### scene, opposition politics has also been greatly influenced by other factors. A special Presi-dential commission held Mrs Bandaranaike, the UNP's most formidable opponent, guilty of "abuses of power" during ber 1970-77 administration, and parliament expelled the former Premier in 1980 and deprived her of civic rights for seven

referendum held in December 1982.

party late last year.

vears Abandoning the Westminster model, the 1979 "Gaullist"

> Politics MERVYN DE SKVA

constitution had centralised power in an executive Presidency. Having won a second term in October, 1982, President Jayewardene held a referendum to extend the term of the 1977 parliament for six more years ending in 1989. More than 3m

Held under emergency and marred by unprecedented violence, the mandate was des-cribed by opposition leader Mr Anura Bandaranaika as a

If the intention was to "freeze" politics to allow the Government to implement the second and perhaps more difficult phase of its IMF-World Bank sponsored economic strategy, the exercise was successful but only up to a point. A highly politicised elec-

events, the withdrawal from parliament of its only Tamil At the 1977 polls, the United torate, though National Party (UNP) won 142 resigned itself to an seats out of the 168 for its long period of pol 50.6 per cent share of the total activity. The manifest resentful unusually long period of political in-activity. The manifest apathy of the voter was encouraged by the behaviour of the opposition parties which dissipated their energies in factional squabbles vote. Mrs Bandaranaike's Sri Lanka Freedom Party (SLFP) was reduced to eight seats with a third of the vote. This made the Tamil United Liberation Front (TULF), with its 16 MPs, the largest opposi-tion group, and Mr Amirhalinand irrelevant debates. The trade unions were surprisingly dormant, too, although inflation was reaching 20 per cent.

Ethnic conflict and opposition

squabbles dominate scene

THE PATTERN of Sri Lanka's traditional politics has been radically altered by a quirk of the 1977 general election, a major constitutional change in 1979 and the

To this should be added, in the light of current

Financial Times Wednesday October 10 1984

gam, its secretary-general, the opposition leader. He was the With Mrs Bandaranaike reduced to a political "non-person," family feuds and first Tamil to hold this office, which now seemed to symbolise quarrels over succession tore the SLFP apart. A rift saw her deputy leader Mr M. Senamayake the ethnic division outside Though the ethnic conflict totally dominates the political and her son Anura forming a rival SLFP.

By the time these prodigala returned to the fold early this year. Mrs Bandaranaike's daughter Chandrika and her film-star husband Mr Vijay Kumaratunge had launched the new Sri Lanka People's Party SLMP. This has teamed up with three smaller parties to establish a "four

parties to establish a "rour party hloc." This left-leaning alliance includes the old socialist party LSSP which has no members in parliament. The pro-Soviet CP and the People's United Front (MEP). The last two have one permiser of parliament each member of parliament each. Their main aim is to challenge Mrs Bandaranaike's party as the island's "second force."

Later this month, two by elec-tions will be held in the pre-dominantly Sinhala rural constituencies of Minneriya in the North Central province and in North Central province and in Kundaszle in the Central province. Both the SLEP and the SLMP are contesting these elections. At Minneriya, the SLMP candidate is Mr Viay Kumaratunge, the party general secretary, a fact which has coused some embarrasement to the Bardanentics factories

the Bandaranaike family. At any election, the UNP'a ideal scenario is a three-cornered contest in which the two rivals are equally strong.

The Prime Minister says that it will be "very interesting to see who comes second." If the SLMP beats the Freedom Party to third place in any of these pan-Sinhala consensus" noce-rural areas and the village sary for a negotiated settlement voter dominates parllament, it with the Tamils.

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Areas where Tamils have some claims for regional de-volution or independence.

will be a major change in a country where for 30 years the UNP and SLFP have been the

traditional rivals. After the July 1983 anti-Tamil riots, the Government rushed through parliament a constitu-tional amendment comrAlling every MP to take an osth renouncing separatism. Refusing to do so, the TULF'S 15 MPs quit parliament. This is the first time in post-independence his-tory that the main Tamil party has withdrawn from the parlia-

mentary process. The UNP move to expel Mrs Bandaranaike may have been a departure from the rules of the partiamentary game but it did work wonders in promoting dis-sension and division in the SLFP. Her party was rejected for

its poor economic performance. The UNP called its term "an era of ration cards, controls and qurues." But on all matters which involve Sinbusis-Buddhist majority interests, Mrs Bandaranalke hae the total confidence of the Buddhist ciergy and the Sinhala intelli-gentsia.

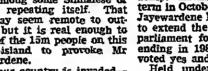
Mrs Bandaransike boycotted the all-party conference con-vened by President Jaye-wardene, saying: "How can a watches, saying. How call a person mafit to sit in parliament participate in talks on the country's most vital issue" Whether this was an act of vengeance or the petulance of

a prima donna, her conspicuous absence has undermined " the

**Tamils and Sinhalese locked** 

Jayewardene. "If our country is invaded-

# " I say to those in India who talk of invasion, ' Physician heal



# it." But he reacts sharply to the possibility, which he dismisses of an Indian invasion. He rehearses his beliefs in non-violence and his devotion to Mahatma Gandhi, who worked with Jawahar Lal Nehru, Mrs Gandhi's father and the first Indian Prime Minister. "A lady who has all that great heritage will not do foolish

still be achieved, he parried by saying: "I don't know if I had a vision. I don't think I had. In six to 12 years what can you do?

His term as president lasts till 1989 and, in spite of his age, he looks fit enough to stay the course. "I feel very well. I have no heart problems—not my physical heart," he says with a slow, slightly sad smile that be-

Coming from a devout Buddhist, the remark shows pride in physical fitness and a resigned acceptance of some of the anguish and attacks he has

Born into a mixed Christian-

Born mto a mixed Christian-Buddhist family as the eldest of 11 children, he was named Junius Richard, and became known as JR hefore the U.S. television some opera made the initials internationally famous. His father was an affinent, aminout fourne and the source

eminent lawyer and the young Mr Jayewardene had a com-

fortable childhood. This in-fortable childhood. This in-cluded a Scottish governess, wide cultural interests and con-siderable success at sports including cricket, rugger, ten-this and boxing.

He became a lawyer in 1932, hut was increasingly involved in politics, developing an admiration for the peaceful

independence movement that was growing in India under Mahaima Gandhi. He was tha first finance minister of in-

depandent Ceylon in 1948 and bis international solivities started with the Colombo plan of 1951.

He became Prime Minister in 1977, ousting Mrs Bandaranaike

and launched the country on to an open-coolomy road. He was made first executive president in 1973.

In 1973. Mr Jayewardene seems, how-ever, to want to play down the significance of the change of economic direction he haunched. Asked whether his vision of a new Sri Lanka could

considerable personal

lies

authority.

suffered.

He said the Government was still trying to achieve new economic goals, but reacted shapply when asked if ha wanted to be remembered for creating a Singapore type of

economy. "I don't want to be remem bered like that. I want to be remembered for Sri Lanka. An open economy does not mean. Singapore. We call ourselves a socialist republic. Our land is nationalised, our harbours are nationalised, the housing system is nationalised. This is a socialist economy. What more is there for me to nationalise?

#### a drink in Colombo.

The Sinhalese arrived on the island about 2,500 years ago, from north-east India it is believed. The Tamils, Dravidians from sonthern India, arrived about s hundred years ar so later and historically are regarded as the aggressors. The invaded regularly through the following 2,000 years.

in July last year. Although most Tamils want to remain part of a united Sri Lanka, calls for Eelam—an independent Tamil state—have gained increased support because talks on devolu-tion have seamed to make little tion have seemed to make little headway and Sinhalese troops have taken revenge on Tamil civilians and villages after they have been attacked by Tamil Indian state of Tamil Nadu and in Sri Lanka," says Mr Ronnie de Mel, Sri Lanka Finance Minister extremists.

"The Sinhalese have felt they are in a miority for 2,500 years-and threats by Msdras politicians of invasion from India do not help the situation." says Mr Lalith Athulathmudali National Security and Defence Minister, explaining why calls from the southern Indian city of Madras for Mrs Indira Ghandi to invade Sri Lanka in support of the Tamils drives the Sinhalese into a more insigent corner.

95 per cent of the population. Also in the eastern province districts of Trincomalee — including a strategic naval base — Baticaloa and Ampain where they have smaller claims with between 20 and 70 per cent. The main Tamil areas, after centuries of battles, are in the The activists claim that such

a state of Eelam would be economically vizble, leaving aside the calims that the Sinhalese and Muslims would make to the eastern districts. Scattered throughout the island, but particularly in the centre and north, are Indian and sometimes converting from Tamils, imported by the British to work on the plantations. Hinduism to Christianity, they gained new schools in their Some have Indian citizenship and some Srt Lankan, while

areas and good jobs throughout the island others are stateless. They have been drawn into the centuries

After independence in 1948, the majority of Sinhalese wanted to develop a national old conflict. The Government originally religion - Buddhism - and a national language - Sinhala. offered the Tamils, represented by tha Tamil United Liberation This happened in the 1950s at Front, new councils in each of the expense of the Tamils, who the districts. But the Tamils had risen too far for Sinhalese want regional devolution, with

groups

There

comfort in the island's main the districts of the north and insitutions. Differential exam east being free to join together. east being free to join together. This idea is rejected by tha Government because it would results needed for university entrance-dubbed standardisation-were introduced in 1972 create too powerful a Tamil to allow young people in basic- stronghold. It is also opposed ally Sinhalese areas to gain by sizeabla Muslim groups in admissions at the expense of tha east, who want more devoluchildren from Tamil areas who achieved higher marks. tion to their province but not domination by the north.

So by the early 1970s, the centuries-old conflict had focused on the availability of education and jobs, with the Tamils claiming that the exami-The latest proposals suggested by the Government last month are scheduled to be turned into draft laws by November 15. They provide for districts to be nation system and the national Sinhala language discriminated against them. Some young Tamils forsook the non-violent able to merge into zonal or re-gional councils separately in the north and east, probably with some powers over local taxation, campaigns of their fathers for more regional devolution and economic development, land allocation, education and police. violent action, which for the past year has been run by five There would also be a new second national parliamentary chamber, which would include main extremist groups based in Madras, and a host of splinter representatives from the council plus other minority interests. have been violent

Both the TULF and senior clashes every few years, the worst in Colombo and elsewhere Note the TOLF and senior Buddhist monks representing right-wing Sinhalese opinion are opposing the proposals, which means that yet another peace initiative is endaogered.



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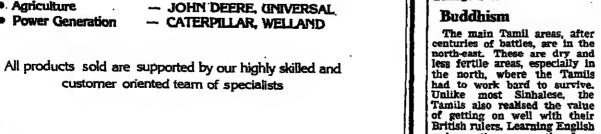
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## in centuries-old dispute

**Ethnic conflict** JOHN ELLIOTT

"WE HAVE nowhere else to go -why don't people realise that," is a cry from both Sri Lanka's warring ethnic groups. I heard it from Tamits in the north and east, some of whom

had their homes barned in Colombo by Sinhalese mobs 15 months ago. And I was told it by middle-class Sinhalese after

"The Tamils feel they are a minority in Sri Lanka, but the Sinhalese feel they are a minority in the south Asian context where they are only 12m people, against a total of 60m Tamils living in the south Indian state of Tamil Nedu and

### Eelam Eelam, according to Tamil activists, would start in the north with the Jaffna Peninsular and include other northern province districts of Mullaltivu, Mannar and Vavauniya, where Tamils make up between 50 and

in Sri Lanka



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### Sri Lanka 3

John Elliott and Richard Cowper explore the island's heartland

notels.

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Sinhalese cities.

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# Across the **Elephant** Pass

"BATTICOLOA women want to buy their vegetables from the market, along with ready-prepared rice and other curry items. A Jaffna woman grows her own vegetables and makes her own rice and flour and curry preparations."

My guide - an elderly Gov--was not describing the traits of two bitterly opposed ethnic

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In Jaifna, they do not often discuss Batticoloa, But in Batti-coloa a foreign traveller is wel-comed with stories about how the locals are less well educated and less ambitious than those in Jaffna.

m Jama. They let their cattle roam the streets instead of looking ofter them carefully. They do not maintain their irrigation tems well, and generally let. life take its course.

#### Historical

They are highly conscious of the superiority of the Jaffna Tamils who often hold senior administrative positions in their

administrative positions area. "Perhaps we came from different parts of Southern India originally." mused my guide, underlining the histori-cal consciousness of Sri Lanka's 15m people, all of whose ancestors arrived from the Indian subcontinent, over the last 2.500 years.

last 2,500 years. The first to arrive now form the majority Sinbalese race. The Tamils, as they are constantly reminded by the Sinhalese, began to arrive from Southern India a few bundred years later. The towns of the Tamil areas are dotted with pretty, white-painted Catholic churches, sometimes with a bright blue neon cross ootside, or plainer Methodist, halls, and ornately Methodist halls, and ornauty carved, hrightly painted Hindu temples (or kovils) of the dis-tinctive South Indian Dravidian tinctive South Indian Dravidian tinctive South Indian Dravidian

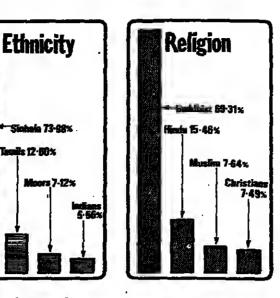
A journey from the relatively errment, employee in Batti- prosperous Sri Lankan capital of coloa on Sri Lanka's cast coast Colombo to these Tamil areas takes you from the place where virtually all official political and commercial power and economic development is concentrated, to

of two bitterly opposed sthaic or religious groups. He was ex-plaining regional differences within Sri Lanka's minority Tamā community who make up just 12.6 per cent of the popu-lation and are concentrated in the island's poorer areas. Their stronghold is in and around the northern Jaffm Peninsula and, mixed with other communities, areas near in Jaffna they do not often batticoloa and Trimcomalee. In Jaffna they do not often where the irrigation system works well and where the Tamils have achieved high har-vest yields. Agriculture and fishing—and smuggling to and from the Indian mainland off golden beaches provide the basis of the local economy.

But a lot of local wealth is A new joint cement-making also generated in the south. verture with Mitsur of Japan also generated in the south. "Jaffna has a postal economy— it relies on remittances from the south," says Mr. Lalith Athulathmudali, a Sinbalese lawyer who used to defend the Tamil smugglers in court and is now the island's National Security Minister and spokes-man on the ethnic troubles. Jaffna city is sprrounded by

Jaffna city is surrounded by well-ordered tarmac roads, lined with small bungalows and enclosures of thatched paim hnts. The streets are a mobile museum to the former glory of the British motor industry, full of shiny black Austin of England models of the 1950s and 1960s.

As one drives across the island the roads become rougher, the villages less well-kept and prosperous. Local government officials in the east say that the roads will soon be mended—there has been a shortage of rubble because the extremists stole the explosives needed in break up rocks. But there has been a longer-term tack of development and main-



sands fringed with pahn trees. Alienation But it is a five to eight-hour car or train journey there from Colombo airport, and few well-off tourists bother to go there. In Batticoloa there are a of Indian couple of west-equipped hat somewhat demoralized beach hotels, and countless other downmarket guest houses and **Tamils** 

Trincomalee is a famous deep water port, strategically sensi-tive because of its location in the Indian Ocean. A beautiful blue bay full of tree-covered islands, it is ripe for far more development.

has just opened. There is a large flour mill and some giant oil tanks are being developed in partnership with a Singapore-based company.

One or two other develop-ments are also being pushed by Tamil businessmen who believe the local economy could become self-sufficient. In Batticolog a With the British withdrawal from both India and Ceylon, the Indian Government refused to recognise these 1,000 acre prawn cultivation project has been started with a U.S. plantation workers as its pariner. In the north, export produc-

India agreed to grant citizeuship to 600,000 over a period of 15 years while Sri tion co-operatives are being started in villages to handle a local palmyrah palm tree crop. Behind the violence and depression of the ethnic problems, there is optimism Lanka agreed to make 375,000 its citizens. about the economic potential of

Last month President Jaye-wardene appounced that the remaining 93,000 would be made citizen J.E. MERVYN DE SILVA

In the shade of the

sacred bo tree

TO BEGIN at the beginning is the south in the charming city to go to Anuradhapura in the of Kandy-the last of the great

#### GROWING FEELINGS of "second - closs citizenship" explain the steady alienation ri Lanka of the indigenous Tamils, But for the Indian Tamils who came from India in the last century, it is the curse of noncitizenship or "statelessness" STATE. After independence (1948), the vast majority of the Indian Tamils who live and work in the green ghettos of the Central Hills lost their citizenship and voting rights.

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I OF STILL For well over 1,000 years from the third century before Christ, Sinhalese kings—with the occa-sional south Indian interloper— British intrigue in 1815-there is a greater sense of self-confidence

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In a modest house high in the ruled from this greatest of all tropical hills above Kandy's lake sits His Holiness the Most Sinhalese cities. It was Anuradhapura that gave hirth to the twin planks of Sinhalese civilisation: the dagoba (Buddhist pagoda) and the tank (artificial reservoir). Venerable Palipana Dharma-kinthi Sri Gunaratna Chandan-anda Mahanayake Thero, chief higb priest of one of the two largest Buddhist sects in Sri Lanka. A man often consulted Though today the city is a mere shadow of its former self, it by political leaders, he talks of continuity and peaceful adaptanevertheless holds pride of place in the hearts of many of tion rather than threats and radical change. the nation's 11m Sinhalese.

radical change. "In the traditional viliage the fabric of life is still in-extricably bound up with reli-gion, as it has been for 2,500 years," he says. "I have no fear that modern development, principle of the says of the says of the says." This is particularly true of the 7m or so Sinhalese who live in villages where the bhikku (Buddhist monk) and the paddy field remain the centre of daily science or western materialism will destroy our Buddhist Sin-No other city raises such passion among Sinhalese in a country which prides itself on a balese way of life."

2,000 - year - old rice - based hydraulic civilisation (the \$2bn **Buddhist relic** 

He plays down his undoubted Mabaweli irrigation (the abin Mabaweli irrigation scheme is its apogee) and on being the world's spiritual centre of Theravada Buddhism (the branch followed by Sri Lanka, Burma and Thailand). political power and influence but makes it clear that he is but makes it clear that he is prepared to engage in open battle with secularist govern-ments when he considers that the privileges of the Buddhist Sangha (monkhood) are in any way threatened.

At the beart of the ancient city, beneath the sacred bo tree allegedly grown from one in northern India under which Buddha achieved enlightenment 2.500 years ago, a wandering Buddhist ascetic explains how one day Amuradhapura will again become the official canital of a "nationalist Sinbalese When President Jayewardene recently attempted to secure the right to appoint the lay custod-ian of the temple of the Buddha's Tooth-after the sacred bo tree Sri Lanka's holiest Buddhisi relic-his holiof a "nationalist Sinhalese Buddhist" Sri Lanka. ness made it clear that this was

not acceptable. "Jayewardene is not a king, be is just an elected president," he remarked curtly. Fifty miles from the Sinha

Leter that evening, on tha veraodah of the luxurious British-built Tissawewa rest house, Mr Mahadi Devlwawa, a normally sober-minded Sinhalese lawyer, talks pas-sionately of the need for a latter-day Duttagamini. He was Anuradhapura's greatest warrior lese cultural and religious beartland of Kandy on the road to Colombo — the lowland capital crealed by secularist colonial powers — is Nittamking, who regained the city from the Tamils in the second century BC after e 15-year cam-paign and then devoted his life buwa. On a wet monsoon morning, thousands of peasants and Buddhist monks in saffron robes carrying black umbrellas troop past the tomb of e murdered

prime minister.

It is 25 years to the day since a Buddhist priest shot dead Mr S. W. R. D. Bandaranaike — in a conspiracy that has yet to be "Anuradhapura today is a frontier town," be says. " A few miles to the north a group of explained.

people are fighting for a separate state. From the west we are being threatened by tha spiritual bankruptcy of a Bandaranalke had ridden to power on a massive wave of Sinhalese Buddhist emotions. materialistic western approach which according to Mr K. M. De to development, and from within Silva, one of Sri Lanka's most we are assailed by a corrupt priesthood—the Mercedes Benz eminent historians, "carried an emotional appeal to which the bhlkku—infatuated hy wealth and political power. notion of a multi-racial policy was a meaningless abstraction." "As a potent symbol of pe Buddhism, Sinhalese Inside the grand colonial edifice, now home of the pationalism and culture deceased president's wife and Anuradhapura zives us hope just a stone's throw from the that it will not always be so." tomb, hundreds pay court to tha Such strongly-felt chauvinist aristocratic Mrs Bandaranaike tomb, hundreds pay court to tha views are by no means uncom-mon particularly in those areas in the central upland parts of and ber son. In the great mirrored reception room desperate politicians come and go talk-ing of past glories and how the country which held out longest against the Portuguese, parliamentary democracy has Dutch and British colonial

run its course.

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powers. One bundred or so miles to

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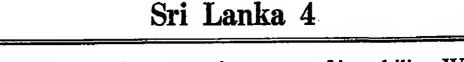
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### Sri Lanka Victoria Dam and Tunnel

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Budgetary management has been a major cause of instability, World Bank says

# Staying afloat on a tide of tea

HIGH DOMESTIC production and record international cally and this year, for the first reducing inflationary pressures owing largely to a powerful pro-prices for its main export from tea have some to the time in more than two cen- in the economy. prices for its main export crop, tea, have come to the rescue of Sri Lanka's hard pressed economy as it battles to recover fully from last year's spate of communal violence.

An anticipated doubling of tea export earnings in 1984 will more than offset an expected 20 per cent decline in tourist revenues providing the country with its first substantial balance of payments surplus since

It will also handsomely reverse what had become a deeply worrying negative international reserve position. The timely arrival of the cavalry thus enables Sri Lanka, for the moment at least, to avoid having to negotiate a new international monetary fund standby loan.

Tea's brave showing wilt hetp also to push Sri Lanka's economic growth up to more than 5 per cent in 1984 after a year when drought and riots brought real gross domestic product down to a six-year low. However this stroke of good fortune, targety arising from New Delhi's decision to ban Indian tea exports (average ex-Indian tea exports (average ex-port prices for Sri Lankan tea were up 68 per cent in the first half of 1984), may be only a temporary paltiative.

India, the world's largest tea exporter, is bound to lift the ban sooner or later at which point lower tea prices may again see Sri Lanka struggling with its balance of payments. Whatever the outcome for tea, however, Sri Lanka still faces a number of pressing short economic problems. These include an unacceptably high budget deficit, an overvalued currency and an inflation rate still roaring away by at least 17 per cent on a year on year

### Dilemma

Added to this are continuing private and foreign investor jitters arising from the Government's failure so far to come up with a final political solution to the ethnic problem. In the mid-term there is a vital need to reduce protectionism and encourage a more diversified and faster-growing export sector to offset a trade imbalance which has resulted in a level of imports double that of the

this tiny country, with a population of just 15m and a per capita income of little over \$300 a year, has attempted to catapult its economy into growth after years of decline under the restrictive and protectionist socialism of Mrs Sirimavo time in more than two cen-turies, the country is on the verge of self-sufficiency in rice. In addition, the massive \$2bn Mahaweli hydropower scheme will provide the country with a cheap source of power well into the next decade.

But it bas also entailed con-sldcrable risks. Sri Lanka quickly became one of the most aud-dependent countries in the aud-dependent countries in the world (this year aid witt account for about 60 per cent of Government expenditures) and this has led to an increas-iogly high tevel of foreign borrowing (disbursed outstand-ing debt is set to hit the \$3bm mark by the end of 1984).

In the words of the World Bank in its latest report on the Sri Lankan economy: "The Government's budgetary man-agement bas been the major source of instability in the

economy during the past few vears.'

The penalties bave been an unacceptably high inflation rate, what Ronnie de Met, the Finance Minister, calls a "dangerously" bigh debt ser-vice ratio of around 20 per cent and until this ware a severe and until this year a severe balance of payments problem. The Finance Ministry has recently made considerable efforts to cut budgetary spend-ing and there are signs that it will use this year's large wind-fall increases in recently for the second

Many economists argue that what is needed is not just a able to turn off the tap. tightening of fiscal manage As envisaged by the Govern-ment, vital though this is. But ment the private sector-parti-

As envisaged by the Govern-ment the private sector-parti-cutarty foreign investors-has been by far the most dynamic element in the economy since 1977. But the Government's ambiguous policies on tariffs and state sector protection have led to considerable upperfain also a redirection of Govern-ment resources into more pro-

ductive areas of the economy. In this respect, one major advance that the Government made in 1984 was to devise a viable investment plan for turning round Sri Lanka's much performed time state CTOP neglected tree estate crop sector (tea, rubber and coco-Only last month, for example, Cyril Mathew, the Minister of Industry, calmly asked Union Carbide to cut its battery output nut).

#### Inefficient

by 25 per cent to protect a partially state-owned competi-Traditionally the strongest element in Sri Lanka's economy, this sector has suffered from tor. Such attitudes have meant that private and foreign com-panies largely confined their invastments to quick return ventures such as hotels (frozen because of the ethnic tronbles), moments real estate and trad-15 years of poor management and a lack of replanting which has resulted in a general deterioration of quality and Cutput. However, economists goestion

Now that most of these whether the Government can continue to afford the luxury of sectors are essentially saturated a greater degree of diversifica-tion involving what must incvit-ably entall higher risk, longer-term pay-back investments is accordial supporting a major house-building programme, a costly effort to turn Air Lanka into a high-profile international carrier and a cash bungry, wordly and inefficient stata manufacturing essential. But with strong protectionist sector.

forces hovaring on one side and continued political instability on the other the likelihood of Sri Lanka's economy receiving a Currently, about 25 per cent of Government capital spending consists of transfars to the state corporations which, compared to sizeable new injection of private investment, domestic or foreign, in the near future the private sector, requires twice the capital per employee to acbleve balf the labour producfall increase in revenues from achieve balf the labour produc-the ad valorem tax on tea to tivity. make a net repayment to the A number of state companies sustained he banking system, thus further are making heavy losses, but and far bet seems remote. Without it the chances of

A number of state companies sustained high growth are few

to considerable uncertain-

arments, real estate, and trad-

Bandaranaike, the country's former Prime Minister. With Western donors and

With Western donors and banks eager to welcome Sri Lanka in from the cold, govern-ment economic planners until recently acted in the belief that soaring capital expenditures (many of doubtful economic value) and the resultant large budget deficits could simply be financed by aid, concessional borrowing and commercial loans without prejudice to the development of a balanced

Economy

RICHARD COWPER

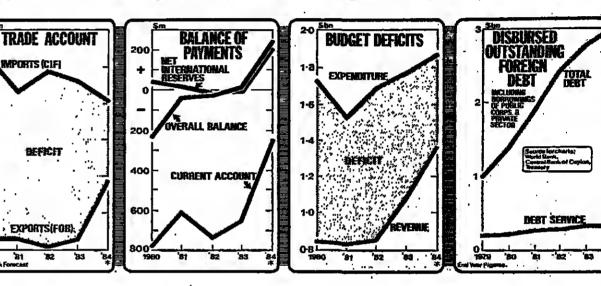
economy. This strategy has yielded big dividends. Economic growth has averaged more than 6 per cent over the last six years, un-employment has fallen dramati-

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country's exports, As some see it, the beart of Sri Lanka's economic dilemma has been the manner in which





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construction work, the 122m high double curvature mass-concrete srch dam, its associated underground works and 6km of rock tunnel are completed - on schedule.

The impounding of the reservoir commenced in early April, and the waters have now reached maximum level. Increased hydro-electric power and



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The project was undertaken for the Mahaweli Authority and was supported by a grant of £113M from the British Overseas Aid Programme.

The Engineers were Sir Alexander Gibb and Partners.

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This, above all, has created an ideal climate for foreign investmant in Sri Lanka,

But among the catalogue of added advantages are: a nearly inexhaustible pool of intelligent and edaptable labour, both skilled and unskilled; the country's focal position on air and sea routes;

its mild climate; and aggressively efficient banking institutions.

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SRI LANKA'S huoyant international image, which has survived the troubles of the past year with only limited damage, owes a lot to the lobhying in the world's political and financial centres of one man.

He is Mr Ronnie de Mel, the 59-year-old Finance Minister, who mixes easily in Europe and the U.S., using skills learned as a civil servant and family businessman to charm his audiences and divert them from some of the island's problems.

He is proud of his success in lese race that a combination of votat be describes as the "high Tamils from southern India and what be describes as the "high risk profession" of finance ministers. He reminds his colleagues at World Bank and Sri Lanka might one day together drive the Sinhalese " into the Sea." Mr de Mel is an astute politician and such remarks Commonwealth meetings that, having held his job for seven acknowledge the importance of the Island's Sinhalese national years, be is the execption to the role that finance ministers' lives are "nasty, brutisb and identity. He entered politics. be says, to help tha "national revolution" that Sri Lanka (then Ceylon) needed to prove short." The last World Bank report

on Sri Lanka crificised tha Government's budgetary man-agement which had been " the its national culture, language and religion. agement which had been "the major source of financial instability in the economy." "By the late 1950s we had to break the domination of the

Western-educated elite, to which I myself belonged. Wa had to give full place to our Mr de Mel admits that public spending needs to be curbed more, especially on long-gesta-Buddhist religion and bring about the sort of national transtion, low-yielding and high prestige projects. But be be-lieves that he bas not dona badly, given considerable in-ternal political pressure for high spending. Ha says he bas presider over a considerable formation which, unlike India, did not bappen here at the tima of independence. Power was only transferred from the was only transferred from the British to the elita who made up just 2 per cent of the population." After education in Ceylon and at Cambridge (studying, first, bistory, and then inter-national finance and trade) presided over a considerable conomic achievement since he came to office in 1977 under president Jayewardene, revers-ing the downward slide of tha previous Bandaranaike's Govnational finance and trade). Mr de Mei joined the Civil Service in 1948. That was then arnment's controlled economy. He recognises that the Tamil

troubles could stop the progress: "the most prestigious thing to "If we continue with this sort do-though politics, engineer-of thing, the economy can't ing and science are now more prestigious." He acknowledges that tha

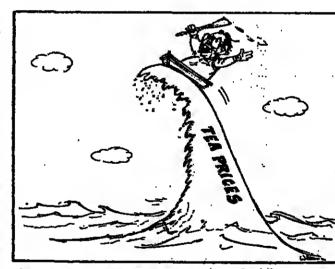
By the late 1950s he was privately active in the National Sinhalese Buddhist Organisa-tion and in a village develop-Tamils need a better deal but stresses the centuries old fear of the majority Buddhist Sinha-

#### OVERSEAS AID TRENDS

Sri Lanka is one of the highest recipients of aid in the world on a per capita basis. Last year, aid donors disbursed almost \$150 for every 3ri Lankan family, while the aid content of per capita GNP of just over \$300 was 10 per cent. The \$2bn Mahawelt dam is largely aid financed, and in 1992 forms for per cent of mercent per cent.

The 52bh Manaweit dam is largely and manaced, and in 1983 some 60 per cent of government capital expenditure was accounted for by aid. About 35 per cent of aid since 1977 has been in grants, while 85 per cent of the rest has been on interest rates below 3 per cent.

FOREIGN AID	\$0URCES 1983	(\$m) 1982	FOREIGN AID	(\$m)	
World Bank U.S.	75 66	60 62		1984 orecas	
Japan	54	52	Commitments	486	369
UŘ	37	53 53	Disbursements (A)	457	454
W. Germany	47	20	Mahaweli share	200	160
Canada Sweden	32 26	29 21	Government capital		_
Others	117	116	expenditure (B)	757	922
Total	454	414	A as % of B	60	49
Source- World Ba	nk and Centre	l Benk			



On the crest of a tea-price wave: a view of Ronnie from Sri Lanka's The Island newspaper de Mei

ment movement called Sarvod- His other more personal haya. In the civil service he antagonist is Mr Lelith rose to senior posts, including Athulathmudali, the rising General of Broad-Director star of the Jayewardene regime, casting.

Opponents

materialistics

economy.

At the age of 36, he switched

who at the age of 47 combines the jobs of National Security Minister, Defence Minister and the President's spokesman on ethnic troubles and the Round Table Conference.

At the age of 35, he switched into politics. By then he had also become a businessman, proudly running his own and his wife's family businesses which included Sri Lanka's largest tea plantation on estates totalling 5,000 acres 450 buses, textiles, and insurance. Most are now nationalised. Mr de Mel first joined the Bandaranaike Sri Lanka Freedom Party but moved in 1974 to the United National 1974 to the United National Party that came to power in 1977. Both parties proclaim forms of socialism but, says Mr de Mel, the "Bandaranaike Party always gets led away to dogma and ideology and is dominated by one or two Marxists out of touch with reality." The present ruling party is "much more practical and pragmatic," still believing in "democratic socialism."

"I think up to a point I am a successful Finance Minister, not because of my academic background, but because of that business training," he says. In the Government ba has wo main opponents. On

economic policy the antagonist is Mr Cyril Mathew, the die-hard protectionist and anti-Tamil Industry Minister who • Mr da Mel and Mr Paul Channon, UK Minister of Trade and Industry, will be among speakera at a conference at the Commons on October 12 organised by the British and South Asian Trade Association and the Sri Lanka High Comresolutely opposes all Mr de Mel's efforts to liberalise and internationalise tha economy, preferring an introspective Buddhist island society to a mission. international



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### Sri Lanka 5

Scarce resources diverted into unproductive investment

# Painful decisions delayed

Industry RICHARD COWPER

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AFINER THE flurry of readjust-ment and growth following the so-called "liberalisation" of 1977. Sci Lanka's tiny industrial sector (accounting for just 14 per cent of gross domes-tic product) has begun to run out of eteam

President Jayawandene came to power seven years ago with the declared intention of ration-alising a grossly inefficient and highly protected state manufachigh growth, market-oriented, industrial development strategy, favouring private enterprise.

But today, state-run corpora-tions account for upwards of 55 tions account for upwards of 55 per cent of the value of gross industrial output.-down just 10 per cent since 1977--while per-haps as many as a third are operating at a loss. The private sector after a heady and langely successful initial expansion into gaments, food, beverages, tobacco and construction has reached a plateau, while foreign investors in particular are hanginvestors in particular are hang-ing fire amid continuing concern over restrictive government policies and political instability.

In spite of some notable achievements, political, social and resource constraints have encouraged the government to delay taking painful decisions widely regarded as essential if the state-run, manufacturing sector is to be put on a viable footing

The introduction of foreign management into five state tex-tile companies, and the recent closure of a sixth has paid off handsomely in terms of profit-ability. But, concern over job losses, and a strong state-oriented protectionist lobby, losses, and a strong state-oriented protectionist lobby. Some have been quick to led by the ministry of industry. blame the ethnic violence which has prevented the government rocked the country in July last from closing down a number of year for the poorer than usual state-run industries.

"In a number of key Government some 122 industrial areas the Government has yet establishments suffered an esti-to bits the bullet. Our steel mated U.S.\$70m worth of dam-plant, for example, must be the age. More than 30 production of the sizes involved, we are and 15,000 manufacturing jobs forced to import our billets were lost. from South Africa. We can currently buy finished products more cheaply abroad than the cost of the raw material inputs."

Others point to a similar probthe point is a similar prov-lem at the country's uses fer-tiliser plant, the single largest state investment ever made. At one point last year production costs were U.S.\$240 e tonne, at units. a-time when the world market price was about U.S.\$140. Steel

and fertiliser provide the two most dramatic examples of how tougher controls, and better management, are urgently re-quired to turn a number of other state-run industries into viable entities.

Failure to deal with the prob-lem corporations has diverted scarce resources into subsidis-ing unproductive investment, ing improductive investment, encouraged the continuation of a tariff regime still biased against exports, in favour of import substitution, and generally proved a serious drag on overall industrial growth.

### Destroyed

garments increased inveroid. The dynamic growth of the garment export sector was largely responsible for increas-ing manufacturing's share of total exports from 17 per cent in 1977 to 35 per cent last year. Despite this success, bow-ever, there are now some worry-ing signs that private sector in-dustrial growth may be run-ning out of momentum. The easy import substitution indus-In spite of some excellent performances by the private sector since 1977 industry has recorded the lowest sectoral growth rate in the Sri Lankan economy. Last year, for example, a 26 per cent increase in private sector industrial easy import substitution industries have been exhausted and in private sector industrial the garment sector has probably growth was more than offset by reached its maximum potential a 15 per cent decline in the public sector. As a result in-dustrial growth was just 2 per cent compared to a 4.9 per cent overall growth in the economy. given the current unfavourable international environment for trade in textiles. In addition the other major private sector growth area — botels — is now suffering from substantial oversupply because of a fall in tourism due to ethnic troubles. Manufacturing growth was a mere 0.8 per cent.

Since 1977 foreign companies have invested about \$240m in Sri Lanka in more than 300 ventures. Of these well over half Says a senior Government 1983. According to the

zone just outside Colombo, where ready-made garments and footwear have accounted for about 80 per cent of the investment.

1977, but the pace has slowed drastically in the last 12

Last year Ashok Leyland, BL's Indian joint venture, in-vested \$5m in a bus assembly plant and production is under way. However, a number of potentially significant invest-ments have either been withdrawn or put on ice,

tion and disappointment," Agrico, a U.S. agricultural chemicals company, this year decided not to go ahead with decided not to go anead with a \$300m-plus superphosphate plant when it could not obtain Sri Lankan Government loan guarantees. Had it gone ahead, the project could have earned some \$100m e year in foreign exchange for Sri Lanka and would have been the country's would have been the country's biggest single foreign investment.

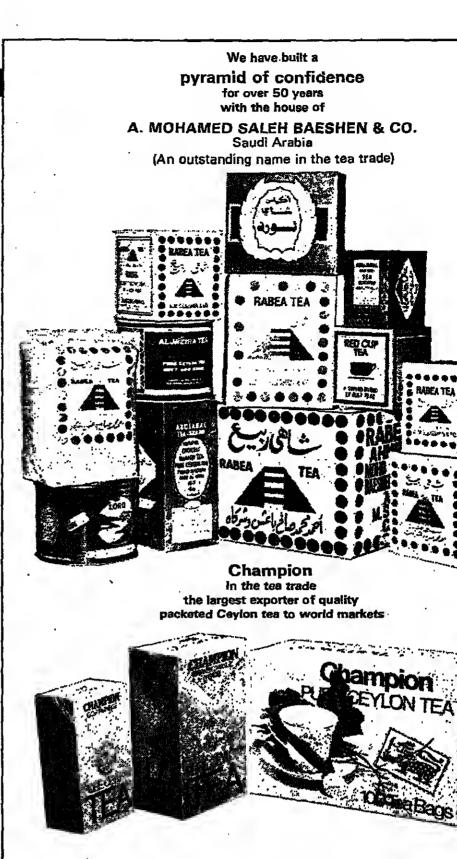
Other companies which have decided not to go ahead have been Motorole and Harris, both J.S. electronics companies. A number of well-publicised U.S.

seemingly arbitrary decisions, by the Ministry of Industry bas not belped to improve the In-vestment climate. For example Union Carbide, a U.S. battery company, last month was re-ouested to cut its ontput by 25 per cent to protect a struggling partially state-owned battery company.

Private investors, and the multi-lateral lending organisations like the World Bank and the IMF, argue that the Government oceds to come up with a series of major new policy have invested about \$240m in initiatives if it wants to over-Sri Lanka in more than 300 come a number of obstacles ventures. Of these well over half now preventing future rapid have been in the free trade industrial growth.

### Foreign investment has proved a main driving force in the manufecturing sector since However, it now seems that However, it now seems una-the impact of the disturbances on industrial output was much less than originally feared. Utilisation of spare capacity in other companies within the same industry made up for a months. Frustration significant proportion of lost production from some damaged In contrast to the unwieldy in contrast to the unwieldy state sector, private investors, both domestic and foreign, were quick to respond to the Government's post 1977 "liber-alisation" policies. There was a rush into the easy "import substitution" sectors of food and haverages and considerable in-After five years of "frustra beverages and considerable investment in hotel construction, garments and textiles. For example, from 1979 to 1983 food, beverage and tobacco output more than doubled while production of textiles and export garments increased fivefold.

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purchase their rice at a guaranteed minimum price, thus en-suring they made a profit. Second, we embarked on a major rehabilitation of our highly sophisticated irrigation system, much of which was in a state of decay. Since 1977 we have overhauled more than 3,000 reservoirs. A Third, we offered the farmers fertiliser at half price and access to new high-yielding rice varieties. The result has been that milled rice production grew 48 per cent from 1.15m tonnes in 1977 to 1.7m tonnes while imports fell from 558,000 tonnes to 127,000 tonnes during the to 127,000 tonnes during the same period. This year produc-tion is expected to be at roughly last year's level, with a tiny 39,000 tonnes of imports, made up of food aid and for-ward contracts made in 1983. According to Mr Gamini Jeya-suriya, Sri Lanka's affable Mini-ster for Agriculture, the country is on the brink of selfresulted in a 10 per cent decline in planted acreage since 1973 and an increasingly sufficiency. Sri Lanka's population is exsenile" pain population. The Government accepts that Sri Lanka's population is ex-pected to increase by over 45 per cent to around 22m by the turn of the century. According to Mr N. Weragoda, Secretary to the Minister of Agriculture, however, the resulting increase in demand will be met by 300,000 acres of new rice grow-ing land, which will come into sugar cane production offers a big opportunity for import sub-stitution. Last year Sri Lanka imported 260,000 tonnes. The Government has this year, for the first time, made a determined effort to attract foreign and private domestic investors into cane sugar joint ventures with the public sector. source of new rice-grow-ing land which will come into production by 1991. In addition he says, there is considerable scope for further big improve-ments in yields. With rice self-sufficiency in sight, the Government is begin-tion to walks that in a country Three projects involving an estimated 60,000 hectares are in various stages of construction or negotiation, the first of which is expected to come inte production in 1986. Booker signt, the dovernment is begin-ning to realise that in a country where three-quarters of the population live in rural areas and where agriculture accounts for roughly a quarter of GDP, half of direct employment, 40 production in 1986. Booker International of the UK and Mehta of India have both agreed to take equity shares in eeparate projects, while the Dutch company, HVA, is closely neri or meet of Government reve-nues, and about 60 per cent of export earnings, many other crops urgently require atten-tion. considering participation. Together the three schemes aim

**Optimism underlies uncertainty** 

**Problems** hidden by boom in tea

LESS THAN a decade ago hundreds of thousands of hungry Sri Lankans were obliged to spend several hours each day queueing for their ration of rice. At one point the then Government of Mrs Sirimayo. Bacdaramaike was spending almost half of the . country's total foreign exchange earnings on food imports. Its agricultural policy-makers were so nervous of precipitating civil unrest that they even forbade the transport of more than 2 kg of rice from one area to another without an official permit. Such recent memories remain

vivid, so it is easy to understand the jubilation running through Sri Lanks's corridors of power as the country approaches the long-charished goal of self-sufficiency in its staple food commodity.

commodity. With a clear flair for the dramatic, the man wbo many say has been the architect of say has been the architect of President Jayawardene's rice revolution whisks, a crompted plece of paper from an inside pocket: "This year for the first time since 1746 SrI Lanka has not found it necessary to order any shipment of foreign rice."

A supremely self-confident Mr Ranjan Wijeratne, chairman Mr Ranjan Wijerame, chairman of Sri. Lanka's Agricultural Development Authority, then proceeds to reel off the key policy changes which he says explain the resurgence of the country's traditional rice-growing sector since the change of government in 1977.

sovernment in 1977. • First, we restored incentives to farmers by allowing them to sell on the free market, while at the same time offering to

AFTER 36 years of indepen-dence, the national economy still stands-although much

less firmly—on the colonial tripod of three export caps: tea, rubber and coconst. girl plants rice in the ahaweli Ganga area

The boom in tea prices will help Sri Lanka end the year with a balance of pay-The most pressing need is for investment in the much neglected state plantation ments surplus. The price, which stood at 52 rupees per kilo in 1983, averaged nearly \$2 rupees in the first six neglected state plantation sector so vital to the country's foreign exchange carnings. For example in coconuts— traditionally a smallholder exmonths of 1984. port crop-long-term trends point to domestic demand out-But buoyant tea prices prestripping supply. Lack of serious government commitment in skills and resources has

sent a deceptive picture of an otherwise alling estate sector. The plantation in-dustries, which cover 41 per cent of cultivated areas and employ L2m people (22 per cent of the workforce), are expected to contribute 54 per cent of export earnings, 18 per cent of budgetary revenue

> Estates MERVYN DE SILVA

and 10 per cent of gross domestic product this year. In 1978, the comparative

figures were 73 per cent, 40 per cent and 18 per cent.

Tea production in 1983 (179.3m kilos) was the lowest since the peak performance of 228.7m kilos in 1965, Last year Sri Lanka exported only 157.9m kilos of tea compared with 185m kilos in 1980.

According to the rubber controller, there was a slight improvement in production inprovement in production but a drop in exports in 1983. Production rose from 125m kilos in 1982 to 140m, while exports dropped from 121.3m kilos to 125.2m kilos.

the Taj Samudra. But the had topped 370,000, while earn-tourist scene is marked by ings enceeded \$130m (£105m). Indecision, uncentainty and a At the end of 1984, the last vague air of Micawberish year of the seven-year tourism The price for all grades rose from Rs 17.68 to Rs 22.77.

development plan, arrivals were expected to exceed 500,000, hotel capacity 11,000 rooms, and income \$210m.

"The name of the game now," says the local repre-sentative of a big European charter operator, "is cut-rate rooms, especially for groups bigger than 30. The hotels dictated prices all these years and now it is our harn." While the global recession saw a slight slump in 1981 and 1982, Sri Lankan tourism, once a challenger to coconut and rubber as an exchange earner, has run into image problems. The world-wide media coverage Liberalised imports, a realistic exchange rate, tax holidays and of the racial violence of July other incentives to investors in

to produce about 120,000 tonnes of sugar a year.

the tourist industry, plus a new last year was a big set-back. category of business visitors According to the central bank, produced a tourist boom in the the January-June period 1984

While ten accounts for 30 per cent, rubber brings 11 per cent of export earnings. A medium-term investment programme for the state-owned plantations is a key item in Sri Lanka's develop-

ment effort aimed at the restoration of the plantation industries and increased productivity. The five-year programme estimated to cost more than £160m will concentrate on increasing output, reducing production costs, and upgrading quality standards of the produce.

New crops will be grown in non-viable tea lands, management of financial controls will be stricter and a new emphasis will be given to a rapid improvement in living and working conditions of the estate workers.

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Tourism MERVYN DE SILVA

THE FLAGS by gaily et the 500-room Galadari Meridieu, which this month joined the hotel complex slongsida Colombo's Gaile Face Explanade, made famous by Somerset Mangham and other treveliers of a more leasurely age. But some yards away is a shabby fortorn billboard that announces the imminent arrival of a Sheraton which has evidently

Sheraion which has evidently produced a tourist boom in the the January-June period 1984 changed its mind. A local company, with a control of the government's "open" arrivals and a 20 per cent drop in income compared with the Japanese loan guaranteed by The 28 per cent growth rate the Sri Lanka Government, in 1979 and 1980 was the same months in 1983. "If communal peace is re-insures its shereholders that highest in the Asia-Pacific stored, the tourists will re-Hilton will soon join the Lanka region. By 1981, tourist arrivals, Oberoi and its Indian cousin according to the tourist board, Alwis, Tourism Minister.

 $\sum 2^{-1}$ 

THE VICTORIA DAM **AND POWER TUNNEL** 

VI

The elegant double curvature concrete arch dam constructed by Edmund Nuttall in joint venture with Balfour Beatty is the first of its kind to be built by British contractors.

It is the latest of a long series of projects carried out by the company involving dams, tunnels, shafts and underground power stations.

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\$2bn dams may provide lure

Sri Lanka 6

for investors

RICHARD COWPER

of inefficiency decade

Mahaweli project The Government produces an impressive array of arguments in its favour: the desperate need to provide vital power essential for future economic development to save forsilor development, to save foreign exchange on high cost diesel and gas imports, the need to MINISTERS, foreign and domestic contractors, aid donors and journalists — almost everyone ensure self-sufficiency in the country's main food crop, rice, loves a big project. Sri Lanka's circa US\$2bn (no one is quite sure just how much it will even-tually cost) scheme to harness and above all the necessity of providing johs in a country where unemployment is high and landlessness a serious probthe waters of the River Maha-well is just that.

Billed as a triumph of 20th century hydraulic engineering Critics, however, argue that the Government's projections for future power demand are much too high, that rice selfthe project involves the con-struction in just seven years, nf tour huge dams and reservoirs, sufficiency has already been achieved at a much lower cost three power stations and reservoirs, work of irrigation canals. The Mahaweli scheme will generate some 472Mw of electricity and by rehabilitating existing irri-gation systems, and that the diversion of almost 40 per cent of the country's capital expendiopen up upwards of 100,000 nectares of dry land areas to ntensive agriculture. or me country a captul expendi-tures into one project has deprived other equally worthy sectors of vital finance. In particular they say the Sri Lankan government officials see the project as a tangible symbol of its intention to provide jobs, wealth and huge costs involved have played a major part in generating large Government hudget deficits which in turn have led economic development to a nation which "lost its way" to balance of payments prob-lems and concern over the under Mrs Bandaranaike's socialems and concern over the country's growing deht. All this, they claim, has helped to list regime. Foreign aid donors,

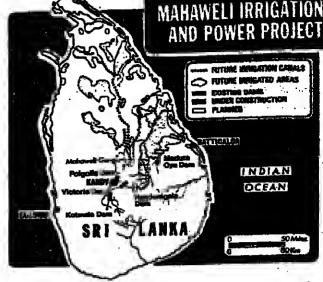
eager to encourage President Jayewardene's look-West liberal economic policies as well as providing much needed contract for their own companies, have worked hard to help finance the project. Irrigation

A major portion of the cost of the so-called headworks (dams, reservoirs and power stations) is being met by western wid donors on various terms, but inevitably tied. The UK at Victoria, Canada at Maduru Oya, Sweden at Kotmale

and West Germany at Randeni-gala and a number of other countries have to date com-mitted \$962m in aid, of which \$515m had been disbursed hy the end of last year. Just last month the first

ower generated from the British-huilt dam at Victoria came on stream, while the Canadian built Maduru Oya reservoir was completed last year and is currently irrigating around 5,000 hectares of its expected 36,000 hectares of dry zone land.

In the longer term, few us the country's electricity doubled from around Rs 15bn



Financial Times Wednesday October 10 1984

Headworks	MAHAWELI Power (Mw)	DAMS Construction period	Estimate cost (\$m
Maduru Oya Victoria Kotmale Randenigala Total	210 132 130 472	1980-83 1980-84 1980-85 1982-87	112 316 350 178 956
	Source:	Munistry of Mahawak	Development

### Battle of wills over engineering triumph

Victoria dam RICHARD COWPER

IN THE lush green hills high above the ancient royal city of Kandy hes nne nf the most beautiful lakes in Sri Lanka, Victoria, however is not a gift of pature.

of pature. Less than five years ago all that could be seen was a ramshackle village, a ford and a dirt track in an otherwise unremarkable tropical valley. Since then a 200-strong army of expatriates from some 14 Britich companies and a local British companies and a local workforce of more than 1,200 has laboured with elephants and modern construction machinery to transform the upper reaches of the Mahaweli River into a new source of power and inriga-

Last month the first electric tight using power from the first of three 70 MW turbines driven waters accumulated behind the 122 metre high Victoria dam was switched on in Colombo, just 72 miles away. The ceremony was supposed to have been presided over by Mrs Margaret Thatcher, the

Mr Harry Hogg of Sir Alexan-der Glbh and Partners, engi-British Prime Minister, but she neering consultants in the Sri Lankan Government, is armini

that the claims are exaggerated.

generate an overheated eco-nomy, turning inflation into one of the country's most intract-able problems. Some critics question whether it was wise for such a poor lowlevel income country to go for an import-oriented capital intensive method of huilding the project at all. Others say a more sensible approach might have been to phase the project over a longer period. Mr Gamini Dissanayake, the

youthful Minister for the Mahaweli and a rising star in Sri Lanka's political firmament completely rejects such argu-ments. "If you took such an approach we might never have got it built at atl. Look, a large proportion of the scheme is financed by foreign grants and soft loans-at the time we had no other comparable viable project to offer aid donors keen tion to assist us. I very much douht whether given aid fatigue we could have got that kind of money over a longer period," he

says. He shrugs off the fact that in rupee terms the cost of the headworks and downstream irrlgation work (not including inBritish joint venture contrac-tors Balfour Bestly Nuttall (BBN), proudly surveys his "At the beginning anyone who knows anything about dams said there was no way we could

finish such a large project in such a remote location in a developing country in such a short space of time, But the Sri Lankan Government Insisted we keep to the schedule in spite of a series of major problems."

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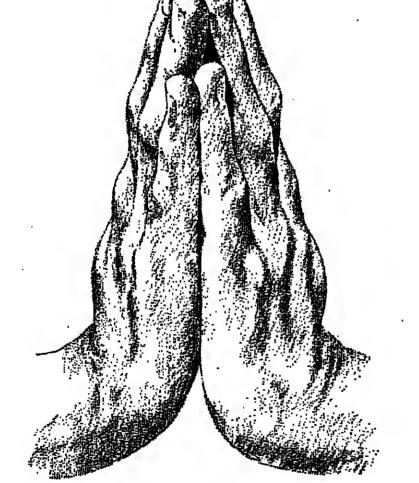
silt

The successful battle against nonsoons, skilled labour monsoons, skilled labour shortages, lack of infrastructure and serious technical and geological problems has not been without its risks.

#### Exaggerated

To complete on target, BBN poured in extra time, money, materiais and machinery. Partly due to this, it is understood to

be financing the project to the tune of well over £20m. The joint venture is claiming for "sizeable" cost overruns (more than £10m) as a result of what it says was inforescen extra work, and BBN appears con-cerned that it might make a substantial loss.



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200,000 jobs in agriculture and related services - will give a much needed boost to the economy.

Water from the four dams will irrigate some 100,000 hectares of unproductive dry land, which will be farmed hy more than 100,000 new settlers. more than 100,000 new settlers, The Government estimates that the dams will eventually attract a further 100,000 families into the area to run shops, schools, and other services. In addition, the scheme will top up a net-work of existing irrigation systems, making them less susceptible to prolonged drought. The large amount of cheap

ment costs a further \$500m. But ha admits these esti-mates are very approximate. More worrying is that since the scheme was given the go-shead in 1978 there does not appear to have been any review of the estimated economic rate of power generated hy the schen is seen as playing a key part in the Government's strategy to expand its industrial base and lure foreign investors. The country has suffered from a power shortage problem in the past few years and this may have served to discourage potentially eager investors. But some question whether it prides itself on its ancient irri-

was necessary or wise to pro-ceed with the whole project at such a break-neck pace at a undertaking what will be tha gation network it is not difficult to understand the attractions of time when Sri Lanka's economy single largest and most ambl has been struggling to over- tious contribution to its 2,500-come the pains of more than a year-old civilisation.

PROFILE : DR. PAUL BACK

### Unsung hero with lifelong passion for dambuilding

central Africa which was im-

similar type of dam in the south of France which killed more than 400 people.

A dam builder's recurrent nightmare is that one day

"I thought to myself what

would happen if there was a flash flood and no electricity

or operator to open the dam

That night he designed a

ALMOST EVERY giant construction project has its unsung hero — often someone whose quiet persistence and talent go largely unnoticed as more colourful characters do battla with men, nature and materials in the struggle to

his own dam might collapse. As Dr Back tells it, it was complete on time and within budget. At Victoria it was Dr Paul on one such occasion while sitting in his hotel room in Back—an ingenious 54-year-old South African-born civil the picturesque royal city of Kaody, just an hour's drive engineer with a lifelong from Victoria, that a terrible tropical storm took place and all the lights went out. passion for dams--who per-haps did more than anyone to

ensure the success of the first ever curved arch dam built by a British consortium overse A senior partner with tha British company of Sir Alexander Gibh acting as consulting engineers to the Sri Lankan Government on the project, Dr Back designed the 122-metre high double curvature arch dam and for the last four years has supervised its construction. His unique contribution to the Victoria project has been in the realm of safety — a

novel but foolproof method, based on counter weight hydraulics, that allowed the gates to open automatically without the need for power or human intervention as soon as the water in the reservoir reached dangerous levels. For this he won a British engineermajor concern of his ever ing design award, and now since as a young man ha was sleeps more peacefully at forced to underpin the giant 1,200 Mw Kariba Dam in nights.

gates?

double the country's electricity doubled from around Rs 34bn now. due to a miners' strike. As a 200.000 jobs in agriculture and result the completion of the Estimates

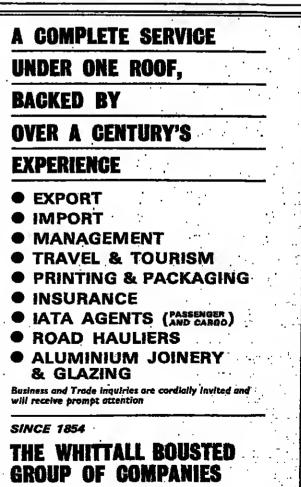
first donhle curved arched dam built by a British company went largely unnoticed in the UK. "At the time no-one could have foreseen the doubling of oil prices, the world recession and the explosion in interest largely unnoticed in the UK. One man in Britain who did taka note was Mr M. B. Grieveson, principal engineer-ing adviser to the Overseas Development Administration, which dispenses UK aid. The £113m UK grant to help finance the Victoria dam made it the largest on the administration's books until repeating and it has rates. But even so as the costs Mr N. G. P. Panditharatna, chairman of the Mahaweli Authority. estimates that the total cost of the project is likely to end up at about \$2bn with books until recently and it has the headworks totalling around \$1hn, downstream irrigation around \$500m and infrastruc-ture, power lines and resettle-

been widely regarded as Britain's aid flagship. In London, Mr Grieveson waxes lyrical about the develop-

Details of the total costs are hard to come by. But most agree that it is likely to be well over £240m, compared with the nriginal estimate of £134m. BBN's standard ad-measure con-tract covering the dam and the 5.7km-long power panel were originally costed at £64m, but Balfour Beatty claims that if it Is to come away with a small profit the cost is likely to be at least double that.

Both sides hope a "fair" settlement can be agreed, but for tha moment pride in a 7...

triumph of engineering and wares lyrical about the develop- hard graft does not hide the mental benefits of the project battle of wills between two while on site Mr Alastair remote British offices overlook-Chalmers, manager of the main ing the Victoria Dam.



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